

PROBLEMS ENCOUNTERED BY FOREIGN SELLERS
PARTICIPATING IN INDUSTRIAL EXHIBITIONS IN THE
PEOPLE'S REPUBLIC OF CHINA

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RESEARCH REPORT

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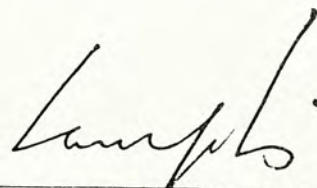
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ABSTRACT

Participating in exhibitions has been considered an effective way for promoting industrial products to PRC by most foreign sellers. The purposes of this research are to explore the problems encountered by the foreign sellers in the selection, preparation, execution and evaluation in attending exhibitions in PRC and their views, as well as the Chinese officials', on the future developments of these exhibitions.

The research was exploratory in nature. A total of two hundred structured questionnaires were mailed to various Hong Kong and overseas companies. Data collected from questionnaires returned by fourteen overseas firms (mainly European) and twenty Hong Kong firms, were analysed. The respondents are mainly manufacturers or suppliers. Four unstructured interviews had been conducted with Chinese officials in the China Council for the Promotion of International Trade (CCPIT) --- the major organ in China in receiving exhibitions of foreign products.

Research findings indicated that both foreign sellers and Chinese officials considered exhibition an effective tool for trade promotion and technical exchange. Some foreign sellers took exhibitions as important channels to

collect market information. The foreign sellers generally were satisfied with the exhibitions they had attended. At the same time, they pointed out a number of areas where improvement could be made. The data from questionnaires revealed that foreign sellers were mostly concerned with the quality of visitors and the demand of their products in China.

From the interviews, it showed that Chinese officials were aware of some of the problems foreign sellers faced in attending exhibitions in PRC. They also felt upgrading of the quality of exhibition would be required. They were rather positive toward the future and they intended to take a more active role in organizing exhibition.

Based on the study, measures to be taken by the foreign sellers, exhibition organizers and Chinese official to reduce the problems in attending industrial exhibitions in China were recommended.

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CHAPTER I

INTRODUCTION

"China began to host foreign economic and trade exhibition in 1953. By the end of 1981, 25 countries had held 150 exhibitions in Beijing, Tianjin, Shanghai, Guangzhou, Wuhan, Shenyang and Dalian. Total visitors reached 36.6 million. Delegations accompanying exhibitions totalled over 25,000 personnels. These exhibitions have promoted economic and trade relations and technical exchanges between China and the exhibiting countries."¹

After 1949, China had adopted a policy of "relying mainly on our own efforts," and foreign trade had not been a top priority. Since 1976, the new leadership has emphasized the urgent need to modernise China. In 1977, the Government announced the "Four Modernizations" programme to bring her industry, agriculture, technology and national defence up to date before the turn of the century. Technical exchange and trade with foreign countries are recognised as vital tools in the modernization process. Total external trade volume was US\$ 14,800 million in 1977 and US\$ 41,600 in 1982 - approximately a three fold increase in 5 years.²

¹"How to Hold Economic and Trade Exhibitions in China," Yuan Lilan and Li Xinyi, China's Foreign Trade, February 1982, P.10.

²"Trade," China Statistical Yearbook, 1983.

With a population of 1,020 million ³, China is a market unparalleled in size and endless in potential. Foreign traders are attracted to the huge market and they face a lot of questions. What does China want? How to sell to China? What are the problems in selling?

What Does China Want

Mr. Shun Fang, Publicity Director of China Council for the Promotion of International Trade (CCPIT) commented "what China would like to see and buy more of are new and advanced technology equipment which China lacks (as in computer and data processing) or which can readily boost output quality and quantity of existing facilities (as in electronics)."⁴

Four principles governing China's foreign trade on imports have been laid down.⁵

1. Nothing may be imported which can be produced at home and which is satisfactory as regard to quality and quantity.
2. Products manufactured at home which are not satisfactory with regard to the above may be imported in suitable quantities.
3. Raw materials urgently needed which cannot be produced domestically can be imported.

³"Population," China Statistical Yearbook, 1983.

⁴"Show and Sell in China," China Traders, March 1980, P.29.

⁵"New Trends in China Foreign Trade," China Traders, March 1980, P.9.

4. Equipment of advanced technology which can help China's Modernization Programme should be given priority in importation.

These broad principles do shed some light on China's import tendencies. For instance, it is unlikely that China will import a large quantity of consumer goods for the domestic market. On the other hand, basic technology for economic construction such as equipment for power generation, power distribution and transportation are high on the list of imports.

The emphasis on the importation of technology can be reflected from the composition of the imports, given in Appendix I. In general, China's imports can be divided into two main groups, namely, primary goods and manufactured goods. About 40% of China's imports consist of primary goods and 60% of manufactured goods. In the import of manufactured goods, machinery and equipment take up 28%.

What Sales Promotion Methods Are Suitable

China is a country with centrally-planned economy and has her own special norms in conducting trade which are unfamiliar to many foreign businessmen.

A number of techniques may be used for trade promotion in China, such as:

1. Organizing technical symposia,
2. Attending exhibitions,
3. Visiting the prospective buyers,
4. Advertising,

4

5. Direct mailing,

6. Others

Foreign businessmen have increasingly reckoned that exhibitions are important and useful, though relatively expensive, for selling in China. When foreign sellers visit customers in China, they face problems such as restrictions in travelling and the wide scattering locations of prospective buyers. But in exhibitions, the foreign sellers can meet many of their buyers coming from all parts of China under one roof within a short span of time.

Chinese officials also support exhibitions which are business activity they know and prefer. The non-pretext and non-committal atmosphere of a fair are conducive to informal exchanges between sellers and buyers which are rare in China under other circumstances.⁶ Invitations to exhibitions are sent to relevant departments, institutes, corporations and factories by the Chinese sponsoring organizations well in advance of the exhibition date so that the visitors may have plenty of time to be prepared. China's officials emphasize that foreign trade must be of mutual benefit to all parties concerned and the principles of equality is important. In fairs and shows, buyers can get familiar with the products they intend to buy before making purchasing decisions, and China officials consider it very important for equality.

⁶"Show and sell in China," China Traders, March 1980, P.28.

In 1978, there were only six exhibitions of foreign products being held in China; in 1984 there will be forty exhibitions held. Major exhibitions from 1982 to 1984 are listed in Appendix 2.

China and foreign governments have established special organizations to deal with exhibitions. However, many exhibitions were organized by private firms. A list of these organizers of exhibitions of foreign products in China is given in Appendix 3.

Objectives of the Study

Recently a few papers have been published on advertising in the People's Republics of China.⁷ Relatively less systematic research has been conducted on organizing industrial exhibitions in China.

It is in this light that the researchers undertake a pilot study to explore some of the problems encountered by foreign sellers participating in industrial exhibitions in China and hopefully to provide some advices for foreign traders and help setting guidelines for future research.

⁷Ho Young Nang Andrew, and Kwan Yurk Keung, Alex, Advertising in the People's Republic of China: Practices and Attitudes, Research Report, Chinese University of Hong Kong, 1981. Advertising in China --- Who, Where, How and Why, Business International, 1983.

The objectives of the study are to identify the problems encountered by foreign sellers in the selection, preparation, participation and evaluation in attending industrial exhibitions in the People's Republic of China and their views on exhibitions as a tool for trade promotion and technical exchange.

In the following chapters, the researchers will review the literature on behavior of industrial markets and on holding industrial exhibitions in foreign markets and in China. Then the researchers will elaborate on the methodology employed which include the sending of questionnaires to foreign sellers and the conducting of interviews with Chinese officials. The analysis of data from the questionnaire will be given in Chapter IV. The observations from the interviews conducted will be given in Chapter V. The research findings and recommendations will be given in the Chapter VI and concluding remarks will be given in the final Chapter.

CHAPTER II

LITERATURE REVIEW

"One tool of advertising, the trade show, is unique to industry."¹

This literature review is divided into three sections --- the first on the characteristics of industrial marketing, the second on the factors involved in a successful trade show, and the third on previous experience of participants in exhibitions.

The researchers felt that a comparative review would be stimulating and enlightening.

Industrial Marketing

Industrial marketing may be defined as "the performance of marketing tasks and the furnishing of marketing prospective within the area of business and industry for business purpose -- as against the marketing to families and individuals for personal use and consumptions."¹

¹George Risley, Modern Industrial Marketing, P.11. New York: McGraw Hill, 1972.

The marketing tasks includes the following activities:-

- to determine the needs and wants of customers, develop new markets, aid in product development, estimate potentials, forecast, and aid in production planning;
- to operate a marketing organization, determine marketing strategy, select channels of distribution, inform and motivate customers, price, sell, and provide marketing services including order entry, customer financing, credit and collection, and both customer and product services;
- to provide for physical distribution, including packaging, transportation, field warehousing of finished goods, and delivery; to contribute to overall corporate planning and
- to plan and control this entire operation.

Industrial goods and services may be visualized as being composed of the following categories :

1. Capital investment items

- Equipment
- Installations
- Real Estate, plant & buildings

2. Manufacturing materials

- Raw Materials
- Semifinished goods
- Parts

3. Operational

- Labor
- Operating supplies

- Repair, Maintenance and Replacement items

4. Service

- Manufacturing services
- Business services
- Professional services

The industrial market in USA has the following characteristics:

1. Major industrial markets are quite heavily concentrated.
2. The industrial market tends to follow less closely the pattern of changes in gross national product than the consumer market.
3. In the industrial market, one sees short channels of distribution to relatively concentrated markets; heavy emphasis on direct relationships; far fewer sellers and buyers; much use of negotiation; far larger units of sale; infrequent purchases with fewer total transactions; well-informed buyers; highly organized and sophisticated procurement function; diverse and multiple purchasing influentials contributing to the buying decision from several points of view; predominately rational buying motives; heavy reliance on well-structured value and vendor analysis; the use of computers wherever applicable; and technical testing procedures by many of the larger firms.
4. There are considerations uniquely industrial : reciprocity, trade relations, order splitting, buying for a supplier, a relatively small number of buyers

in a vertical market within any one industry, but a vast horizontal one across industry lines.

5. Industrial marketers are keenly aware of the influence of government on industrial relationships.

In contrast to buyers in the consumers markets, buyers in industrial markets are usually well informed specialists. The behavior of industrial buyers may be described as "usually less emotional in their buying habits than final consumers. Buyers look for certain product characteristics ---- including economy, both in original cost and in use; productivity; uniformity; purity; and ability to make the buyer's final product better."

"In addition to product characteristics, buyers consider the reliability of the seller, general cooperativeness, ability to provide speedy maintenance and repair, past and present relationships (including previous favors), continuous supply under all conditions, and reliable and fast delivery."²

Furthermore, in the case of new task buying in a firm, it is usual for several parties to be involved in the decision making. These parties may include:

- 1 Users - people who use the product.
- 2 Influencers - people who write specification or help in evaluation.
- 3 Buyers - people who select and negotiate with supplier.

²E. Jerome McCarthy, Basic Marketing, P.205.
7th edition, Illinois: Richard D. Irwin Inc., 1981.

4. Deciders - people who select or approve the buying decision.

5 Gatekeepers - people who control the flow of information.

Industrial demand is a derived demand. The market for most industrial goods are inelastic for the industry but at the same time, highly elastic between firms. The total industry demand comes from the collective customer needs rather than the price. As such, it is relatively elastic between sellers, even a slight change in price may create a major change in quantity.

Industrial Exhibitions

There are a number of literatures describing the factors that are essential to a successful exhibition.

Exhibition has advantages over other forms of promotion means because of the personal contact between buyer and seller in the presence of the product on display. H.B.G. Montgomery listed some of the advantages of a good trade show:³

- . The neutral atmosphere in which the customer is outside his normal environment and is attending the exhibition and the stand voluntarily. There is less pressure on the buyer.
- . If the exhibition is properly organized, it will enable the sellers to meet a large number of specialist traders in a short time.

³H.B.G. Montgomery, "Trade show tips," International Trade, vol XI, no. 4, Oct 1975.

. Face to face confrontation.

Homer Morrison, Manager of Union Carbide listed the following criteria of selection of trade shows: ⁴

1. The geographic area within a radius of 200 miles of the location of the show should be a fertile marketplace.
2. Determine that the show will provide a personal selling environment in which salesmen can make selling calls on a significant number of prospects who are in the market place, and who have some degree of buying influence.
3. Determine that the atmosphere of the show will be conducive to serious business discussion.
4. There should be products or processes that are new (or sufficiently improved) to the potential audience.
5. Total cost of show participation divided by the number of "sales calls" that can be expected to be made should compare favorably with the average cost of making a regular sales call.
6. Total amount to be spent on show participation must not be a disproportionally large share of the total promotional budget.

A trader participating in an exhibition without objectives is a waste of money and time. Firm, formal, written objectives are absolutely essential if a company is to benefit to any great extent from exhibiting at shows.

⁴ R.H. Stansfield, "Trade Shows," Dartnell Advertising Handbook, P.1327 Chicago: Dartnell Corporation, 1970.

The objectives in entering a trade show as given in Dartnell Sales Promotion Handbook are: ⁵

1. To develop sales lead;
2. Maintain distributor and dealer contacts;
3. Introduce new products; and
4. Support public relationship programme such as brand promotion.

The following factors are required to make a good exhibition: ⁶

1. The show has a central dominating theme to attract visitors;
2. Outstanding feature to attract attendance;
3. A list of right audience are attracted;
4. Size of exhibition; and
5. Careful planning of layout with traffic control.

The following factors may be controlled by the exhibitors and are important for the success of an exhibition:

1. The exhibit should be built around a simple idea;
2. The exhibit should attract attention;
3. The layout should be open to traffic;
4. Handover, literature and request form is available at a location that is not too prominent;

⁵ O. Riso, "State fair and trade shows," Dartnell Sales Promotion Handbook, P.713: Dartnell Corporation, 1973.

⁶ O. Riso, Dartnell Sales Promotion Handbook, P.721 and George Risley, Modern Industrial Marketing, McGraw Hill P. 106.

5. Concentrate on the interest generated by exhibit so that visitor will react, ask questions and provide his name and address;
6. Exhibits may be shipped and set up quickly and meet the schedule of exhibition; and
7. Follow-up action with interested attendee to develop trade relationship.

Attending exhibition is an expensive means of trade promotion, therefore it is necessary to have an evaluation programme for the exhibitions: ⁷

1. Determining the objectives in attending the exhibitions, and evaluate how these objectives are achieved after the exhibition.
2. Total trade show attendance;
3. Analysis of total audience by job title, geographical location, type and size of company;
4. Number of visitors who saw the firm's exhibit;
5. Number of visitors involved in the firm's exhibit, (those who asked questions, received personal demonstrations, etc.);
6. Cost per personal demonstration;
7. Cost per visitor stopped and involved;
8. Number of sales leads;
9. Number of visitors receiving a personal demonstration;
10. Sales produced by show;

⁷ R. H. Stansfield, "Trade Shows," Dartnell Advertising Handbook, P.1337. Chicago: Dartnell Corporation, 1970.

11. Evaluation of competitors' effectiveness; and
12. Evaluation of the firm's exhibit by their own personnel.

Previous Studies

No previous study on this type of industrial marketing promotion tools has been found. Three essays concerning problems encountered in attending exhibitions have been published in periodicals and books.

In Dartnell Sales Promotions Handbook, there is an article on problems encountered by small exhibitors in USA.⁸ The strategies adopted by the exhibitors are:

1. Define the basic goals such as to attract people who have never heard of us;
2. Ensure follow-up action is taken for sales lead. The prospects are classified into onlookers, warm prospects, hot prospects and very serious buyers;
3. Keep cost of booth and delivery of exhibits to a minimum; and
4. Use people in booth who are intelligently informed about the product and how they can help the customer.

The rules and procedures of holding exhibitions in China are listed in Appendix 4.⁹ Several points with regard to holding exhibitions in China worth further consideration.

⁸ O. Riso, "State Fair and Trade Shows," Dartnell Sales Promotion Handbook, P.716-718.

⁹ Yuan Lilan and Li Xin Yi, "How to Hold Economic and Trade Exhibitions in China.", China's Foreign Trades, February 1982, P.10.

1. The theme of the exhibition is the key. The level of technology exhibited should be appropriate to that in China and the technology is required by China.
2. CCPIT prefers medium size and small specialized exhibitions to large and general ones.
3. Invitation of audiences will be arranged by CCPIT. The criteria are for large and medium specialized exhibitions, in which the traffic flow is slow, the density of audience would be 1 person/m²/day. For small exhibitions, the density would be 2 persons/m²/day. For specialized exhibition, the density would be less.
4. Chinese officials prefer to have technical symposias given during the course of the exhibition.
5. Past experience has shown that exhibits of advanced technology at competitive prices which meet China's needs have the best chance of being sold.
6. Business negotiations not only cover the sale and purchase of the exhibits, but also serve as the basis for promoting future trade relations.
7. CCPIT has no obligation to purchase exhibits, but may recommend to end-users and trade corporations.
8. Some of the staff such as interpreters and machine operators will be provided by the organizer at the customer's request.

Masaharu Hishida listed the important points in organizing technical exchanges between China and Japan.¹⁰

He pointed out that :

1. The most important factor is careful selection of the theme of the technical exchange. It is necessary to judge if the technology meet China's needs and if the acquisition of such technology is one of China's top priorities.
2. Lack of horizontal cooperation between administrative agencies in PRC is a major problem in China, the organizer should know which office to approach in order to save time.
3. Communication with China should be handled in Chinese as much as possible. A translation in the exhibitor's language may be attached.
4. For business contact in China, it is generally accepted that no reply from China usually means "not interested." Sometimes, it may be helpful to seek the assistance of organizations that are on friendly terms with China.
5. The team of staff should comprise of experts from every field relevant to the technology concerned, so that they can answer every question - often quite extensive - from the Chinese.
6. It is almost impossible to find a good interpreter in China. The selection of interpreters is essential. One way to do this is to have in-house

¹⁰ Masaharu Hishida, "Japan's Experience in Technical Exchange with China," China Newsletter, December 1979, P.3.

staff or to look for the cooperation of trading firms that have Chinese specialists.

7. A sightseeing tour usually would be arranged by the host organization for the technical exchange mission. These tours provide good opportunities for the foreign sellers to cultivate their friendship with the Chinese buyers which would help sales contacts.
8. Personal connections still play an important role in business negotiations, at least at the onset.

CHAPTER III

METHODOLOGY

Objectives

The objectives of the research, as outlined in Chapter I, are:

1. to identify the problems met by foreign sellers in the selection, preparation, participation and evaluation in attending exhibitions in the People's Republic of China, and
2. to examine sellers' views on exhibitions as a tool of trade promotion and technical exchange.

For the study of practices, the researchers focused their attention on the selection, preparation, execution and evaluation of the industrial exhibitions. The researchers wanted to find out:-

1. How the foreign sellers learn about the exhibition;
2. What problems the foreign sellers have in getting information required in selecting the exhibition;
3. As many exhibitions are held each year, how would the sellers make decision in selection;
4. Do the foreign sellers have certain marketing objectives;
5. What are the critical issues in the preparatory stage;

6. What problems the foreign sellers have in getting information and coordination in the preparation and execution stage;
7. What are the attitudes and behaviors of Chinese buyers on their interaction with the foreign sellers.
8. How would the foreign sellers evaluate if the marketing objectives are achieved; and
9. What improvements are required urgently in future trade exhibitions.

The questions in the questionnaire were set up to explore:-

1. How would the foreign sellers put their efforts in selecting and concentrating on the types of factors that are controllable by the foreign sellers;
2. What problems are involved in the interaction of the foreign sellers and other parties in the exhibitions (such as organizers and visitors);
3. What problems are commonly encountered in dealing with PRC exhibition visitors; and
4. Any Governmental influence.

The study on attitudes was formulated to explore the preception and trend of industrial exhibitions as a tool of trade promotion and technology exchange by the foreign sellers and also that of the Chinese officials.

The researchers wanted to explore the foreign sellers' views on:

i. Economic aspects:-

- . Whether industrial exhibition is perceived as an effective tool of trade promotion;
- . Whether industrial exhibition is believed to promote the technology level;
- . Whether industrial exhibition can be replaced by other marketing tools;
- . Whether industrial exhibition is perceived as an effective tool for technology transfer; and
- . Whether industrial exhibition causes PRC firms to buy things that they may not need.

ii. Legal aspects:-

- . Whether the Chinese government's interference in exhibition is too much.

iii Trends

- . Whether there are trends in holding industrial exhibitions in PRC that are positive and constructive;
- . Whether there are trends that are negative and destructive; and
- . Whether there are any restraining factors that may limit the holding of exhibition in PRC.

The researchers defined the various parties involved in the exhibition as follows:-

1. Foreign sellers - Manufacturers/traders who are based in Hong Kong or overseas and involved in selling industrial products to China.
2. Organizers - Bodies which are responsible for organizing industrial exhibitions in P.R.C.. They can be Chinese government exhibition agencies or foreign agencies.
3. Sponsors - Usually they are Chinese industrial bureaus or ministries which are responsible for publicizing the event among end-users. They usually prepare the list of visitors to be invited and distribute entry tickets.
4. Government - Government of PRC.

As explained earlier, the study is aimed at defining problems faced by the foreign sellers in participating in industrial exhibition in PRC. Hopefully the result may highlight some of the problems encountered and the areas of future development.

The study also serves as a benchmark for evaluating the attitudes towards industrial exhibition as a tool of trade promotion and technology transfer. No specific hypothesis was set up for the study.

Sample Survey

In undertaking the research, the researchers decided to use two sample survey techniques: structured questionnaire and unstructured interview.

Based on a review of the literature, the researchers drafted a structured questionnaire. The questionnaire was divided into five sections. The first four sections were designed to find out the problems encountered by foreign sellers in the selection, preparation, execution and evaluation stages. The last section was designed to find out the demographic profile.

A pilot interview was arranged with a marketing manager involved in China Trade. He was asked the questions given in the questionnaire. His answers were compared with the draft answers to see if the questions were relevant. He had also commented on the questions and the questionnaire. His comments were taken into account in finalizing the questionnaire.

Another pilot study was conducted with four China traders in Hong Kong. The draft questionnaire was mailed to each of them. After the completed questionnaires were received, they were asked over the telephone if they had any comments on the questionnaire. Their comments were incorporated into the questionnaire.

China's economy is centrally controlled by Government. Most nationwide exhibitions were organized by China's official organizations, whilst a number of exhibitions were organized by foreign organizers. Therefore the role of the Government in organizing exhibitions is very significant. In order to investigate the attitude of China's officials towards organizing exhibitions in PRC, unstructured interviews were arranged with four China officials responsible for organizing exhibitions. The officials were asked about the trend and development of organizing exhibitions in PRC, the drawbacks, the problems they have in dealing with organizers, etc. Although there were a lot of constraints in using an unstructured interview, it was considered a useful tool in exploratory survey, especially in the PRC government organization.

Constraints in Sample Survey

The researchers recognized the problems in using mailed questionnaire. On the positive side, respondents from overseas may be contacted. The sample size would be larger. The results obtained may be generalized to a larger degree. There is less interaction between the subjects and the researchers, effects such as experimenter expectancy effect, demand characteristic and evaluation apprehension are not significant.

On the negative side, there are a few problems. Firstly, it is not possible to identify any causal relationship between the variables. Secondly, the standardized response format may force respondents to subscribe to statements they do not fully endorse. The first defect is not considered significant as the study is exploratory in nature. No causal relationship is required to be established. It is hoped that from the study, ideas may be generated for further studies. To overcome the second defect, the respondents were given freedom to write down their answers wherever possible.

The researchers recognized that in using the unstructured interview, the subject and the researchers had a better interflow of ideas, further, the interviewee may be allowed to expand on specific subjects if he so wishes. Specific topics of interest may be probed into if the researchers find them useful. On the other hand, experimenter's expectancy effects, demand characteristic may be high.

The Sample

The size of the sample was aimed at thirty, twenty for Hong Kong firms and ten from overseas firms. The reasons are as follows:-

1. The study was exploratory in nature. It was not the intention of the researchers to build a sample large enough to meet the statistical requirement for in-depth quantitative analysis.
2. The population size is not very large. According to the statistics available, an average of about forty foreign industrial exhibitions were held in PRC in 1983. The average number of firms in each exhibition was fifty. In order to get a valid response, the researchers decided to concentrate on the firms joining industrial exhibitions in recent years.
3. It was difficult to control the response rate in a mailed questionnaire. Follow up actions had been taken up to seek response from local firms. The technique could not be applied to overseas firms.
4. As a rule of thumb, for the application of normal distribution in statistical inference, the sample size is preferred to be twenty five or greater for satisfactory approximation¹. A sample size of thirty was considered adequate in this case.

¹Chou Ya-Lun, Statistical Analysis, 2nd Edition, Holt, Rinehart and Winston, 1975.

The sample of overseas firms was selected from a list of foreign firms participating in four industrial exhibitions held in 1983. Questionnaires were mailed to a total of fifty one firms. Fifteen firms responded, representing a response rate of thirty percent.

The sample of Hong Kong firms was selected from a list of China traders who had attended industrial exhibitions in PRC recently. Questionnaires were mailed to a total of one hundred and forty nine firms. Twenty five firms responded, representing a response rate of sixteen percent.

The questionnaires were mailed to various firms on 1st February 1984. By March, 1984, returns from overseas firms and Hong Kong firms were received. Thereafter the researchers proceeded with the analysis of data collected.

In January-March 1984, one of the researchers had the opportunities of meeting four officials in subcouncils of China Council for the Promotion of International Trades. An unstructured interview was arranged with each of them.

The observations were compiled in conjunction with the data collected.

The Questionnaire

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The structured questionnaire consisted of five parts (see Appendix 5).

The first section was concerned with the difficulties in assessing the criteria and in gathering information required in selecting an industrial exhibition to attend. The foreign seller was asked how he assessed the importance of organizers, sponsors and other parties in the selection of trade shows to attend.

The second section was concerned with problems encountered in the preparatory stage.

The third section was designed to highlight the problems encountered in the exhibition and in the interactions between the visitors and sellers.

The fourth section was related to the post-exhibition stage when the foreign sellers would take follow-up actions and make evaluation. Specific areas for future improvement of the exhibitions were sought from the respondents.

The fifth section was set up to collect demographic data of the respondents for comparison. The respondents were also asked on their views towards industrial exhibition as a tool of trade promotion and technical exchange.

The questions in each sections were written in three formats:-

1. Rating - The respondent was asked to rate the relevance of the answer statement according to a Likert five-point scale. Anchors for the five-point scales were given in the questions to assist the respondents.
2. Ranking - The respondent was asked to rank a set of answer statements in the order of importance or relevance to the question.
3. Open-end questions - The respondent was asked to fill in the answer in the blank space available. This type of "escape" question would reduce the degree of subscription of respondent's answer to the present questions.

Analysis Procedure

Analysis of data is presented according to the sequence of the questionnaire in the following chapters.

In the analysis, the researchers divided the sample into sub-groups of overseas and Hong Kong - based industrial sellers.

The three types of questions were analysed as follows:

1. For questions to be rated on a Likert scale, the student t-test was employed to find out if there is any difference in the perception of level of problems.
2. For questions with ranking answers, the ranks given by the respondents were treated as numerical weighing. The mean of the rank of each answer for each subgroup was calculated. The means were compared to analyse the significance of the problem.
3. For open-end questions, the answers given were inspected and highlighted in appendices attached to this report. Interpretation had to be very careful due to the large variety of answers given.

Unstructured Interviews

During January - March 1984, the researcher had conducted four unstructured interviews with officials in subcouncils of China Council for the Promotion of International Trade (CCPIT), an organization responsible for organizing and sponsoring exhibitions in China. The interviewees were asked on eight specific topics and the results were summarized and analysed in conjunction with the results obtained from the structured questionnaire.

CHAPTER IV

ANALYSIS OF DATA

Analysis of returns from the structured questionnaire were listed below. The first subheading deals with sample characteristics. The rest are devoted to problems encountered by the foreign sellers, which were presented according to the sequence used in the questionnaire.

A substantial portion of the analysis was presented in the form of tables. Readers were reminded that this study was an exploratory one and did not lend itself well into statistical inference because of the small sample size.

In the following analysis, the sample is divided into subgroups of overseas firms and Hong Kong firms to facilitate comparison. The researchers believe that Hong Kong firms had more knowledge of PRC and were more interested in making direct sale. On the other hand, overseas firms had less knowledge of PRC and their marketing objectives might be different. The two subgroups would express a different degree of concern towards the problems encountered in participating in exhibitions.

A total of forty questionnaires had been returned. Three of the questionnaires were incomplete. A fourth one reported that the respondent had not attended any exhibition in PRC. These four questionnaires were considered invalid and were rejected. Two questionnaires were returned in April, after the analysis of the data had been completed. Comments in these two questionnaires were noted but other items were not analysed.

The Sample

The list of respondents is given in Appendix 6. A total of thirty-four structured questionnaires were analysed; fourteen from overseas firms and twenty from Hong Kong firms. The firms are from various countries and with different product lines, details of which are also given.

Respondents' characteristics are summarized in Tables 1 and 2. Table 1 deals with the demographic profile. Table 2 summarizes the respondents' experience in trading in PRC.

Table 1

RESPONDENTS' DEMOGRAPHIC CHARACTERISTICS^a

Demographic characteristics	OF N=14	HK N=20	TOTAL N=34
<u>1. Nature of Firm</u>			
Manufacturer/Supplier	14 (100)	13 (65)	27 (79)
Exclusive Agent or Distributor	0 (0)	6 (30)	6 (18)
General Trader	0 (0)	1 (5)	1 (3)
<u>2. No. of Employees</u>			
0-10	2 (14)	11 (55)	13 (38)
11-50	3 (21)	6 (30)	9 (26)
51-1000	4 (29)	2 (10)	6 (18)
over 1000	5 (36)	1 (5)	6 (18)

a

Figures in parentheses are percentages.

Legend:

OF: overseas firms; HK: Hong Kong firms

Table 2

RESPONDENTS' EXPERIENCE IN PRC^a

	OF N=14	HK N=20	TOTAL N=34
<u>1. PRC as one of Five Major Trading Partners</u>			
Yes	3 (21)	16 (80)	19 (56)
No	11 (79)	4 (20)	15 (44)
<u>2. Sales in PRC</u>			
Unknown	1 (7)	4 (20)	5 (15)
0-1%	5 (36)	3 (15)	8 (24)
1-5%	6 (43)	3 (15)	9 (26)
6-25%	2 (14)	5 (25)	7 (21)
26-50%	0 (0)	2 (10)	2 (6)
Over 50%	0 (0)	3 (15)	3 (9)
<u>3. Experience of Sales in PRC</u>			
Not known	0 (0)	2 (10)	2 (6)
1 year	4 (29)	1 (5)	5 (15)
1-5 years	6 (43)	10 (50)	16 (47)
5-10 years	3 (21)	4 (20)	7 (21)
11-25 years	1 (7)	1 (5)	2 (6)
over 25 years	0 (0)	2 (4)	2 (6)

Table 2

RESPONDENTS' EXPERIENCE IN PRC^a (continued)

	OF N=14	HK N=20	TOTAL N=34
<u>4. No of exhibitions attended elsewhere in past two years</u>			
Unknown	0 (0)	1 (5)	1 (3)
0-1	0 (0)	13 (65)	13 (38)
1-5	5 (36)	2 (10)	7 (21)
over 5	9 (44)	4 (20)	13 (38)
<u>5. Percentage of advertising budget allocated in exhibition</u>			
Unknown	3 (21)	6 (30)	9 (26)
0-25%	1 (7)	6 (30)	7 (21)
26-50%	1 (7)	3 (15)	4 (12)
51-75%	3 (21)	3 (15)	6 (18)
over 75%	6 (43)	2 (10)	8 (24)
<u>6. Method of trading^b in PRC</u>			
Direct Sale	7	22	29
Appoint Agent	10	7	17
Others	0	0	0

Table 2

RESPONDENTS' EXPERIENCE IN PRC^a (continued)

	OF N=14	HK N=20	TOTAL N=34
7. Representation in PRC^b			
Unknown	2	3	-
Resident Representative in PRC	5	10	-
Resident Representative in Hong Kong	3	N/A	-
Agent in Hong Kong	3	1	-
Agent in China	8	1	-

^a

Figures in parentheses are percentages.

^b

Multiple answers are allowed in this question. Percentages are not provided for these questions.

Legend:

OF: Overseas firms; HK: Hong Kong firms; N/A: Not applicable

A few points stand out strongly in Tables 1 and 2.

Firstly, most overseas respondents are manufacturing companies whilst those from Hong Kong are trading firms or local branches of overseas manufacturers. Secondly, PRC is an important trading partner of Hong Kong firms; for the overseas firms, China's importance as a trading partner is less. Thirdly, most of the overseas and Hong Kong firms have little experience in terms of length of time of selling in China; only two Hong Kong firms have a long trading history with China. Fourthly, most overseas firms attended exhibitions elsewhere whilst less Hong Kong firms have joined exhibitions in other countries.

Selection of Exhibitions

Questions in the first section are set to find out how the foreign sellers learn about the exhibitions attended, the factors governing the selection and the information required. Table 3 summarizes the details of exhibitions attended by foreign sellers in the past two years and how they learned about the exhibition.

Table 3

DETAILS OF EXHIBITIONS ATTENDED IN PAST TWO YEARS^a

Summary Answers	OF N=14	HK N=20	TOTAL N=34
1. <u>No of exhibitions in PRC attended</u>			
1	8 (57)	2 (10)	10 (29)
2-3	5 (36)	12 (60)	17 (50)
3-10	1 (7)	4 (20)	5 (15)
over 10	0 (0)	2 (10)	2 (6)

Table 3

DETAILS OF EXHIBITIONS ATTENDED IN PAST TWO YEARS^a

(continued)

Summary Answers	OF N=14	HK N=20	TOTAL N=34
<hr/>			
2. <u>Organizers of exhibitions</u> ^b <u>attended</u>			
Government of PRC	8 (44)	9 (29)	17 (35)
Other Government	3 (17)	6 (19)	9 (18)
Private Organization	7 (58)	15 (48)	22 (45)
Self Organized	0 (0)	1 (3)	1 (2)
3. <u>Source of learning</u> <u>about the exhibition</u> ^b			
Press release	3 (15)	5 (19)	8 (17)
Direct contact by organizer	8 (40)	14 (52)	22 (47)
Government or Trade Association newsletter	9 (45)	6 (22)	15 (32)
Others existing contacts in PRC	0 (0)	2 (7)	2 (4)

^a
Figures in parentheses are percentages.

^b
Multiple answers are allowed in this question.

Legend:

OF: overseas firms; HK: Hong Kong firms;

In general, the overseas firms attended exhibitions at a lower frequency than the Hong Kong - based firms. This may be explained by the proximity of Hong Kong to China and the emphasis of China market by the Hong Kong firms. The exhibitors learned about the events mainly by direct contact with the organizers or from government or trade association newsletters.

Criteria in Selection

Table 4 summarizes the respondents' conception of the importance of different aspects of an exhibition as criteria in selection.

Table 4

CRITERIA IN SELECTION

Aspects	X_o <small>X_o</small>	X_h <small>X_h</small>	v <small>v</small>	t_v <small>t_v</small>	X_t <small>X_t</small>	S	
						0.1	0.05
a. Location	2.07	1.60	32	2.06	1.79	R	A
b. Timing of event	2.57	2.35	32	0.73	2.44	A	A
c. Demand of product in PRC	1.42	1.40	32	0.10	1.41	A	A

Table 4

CRITERIA IN SELECTION
(continued)

Aspects	X_o	X_h	v	t_v	X_t	S	
						0.1	0.05
d. Target visitors	2.07	1.95	32	0.37	2.00	A	A
e. Cost	2.21	2.05	32	0.59	2.17	A	A
f. Duration of exhibition	2.93	2.75	32	0.64	2.82	A	A
g. Organizer's reputation/ability	2.00	1.90	32	0.38	1.94	A	A
h. Status of Chinese Sponsor	2.50	1.85	32	1.95	2.11	R	A
i. Technical Symposia	3.14	2.65	32	1.17	2.85	A	A
j. Facilities of exhibition venue	2.50	2.75	32	-1.38	2.64	A	A
k. Whether competitor will join	2.64	2.50	32	0.36	2.55	A	A
l. Current market trend of product	1.71	1.85	32	-0.63	1.79	A	A

Legend:

X_o : mean value of score of overseas respondents.

X_h : mean value of score of degree of importance by Hong Kong respondents.

X_t : mean value of rating of degree of importance by total sample

Rating scale used:				
Very important	Important	Neither important nor not important	Not important	can be ignored
1	2	3	4	5

- v : number of degree of freedom
- t_v : the specific t-value
- α : Level of significiance
- A : Acceptance of the null hypothesis (H_0)
- R : Rejection
- H_0 : The two samples are from the same population

It can be seen that the two groups have a similar rating on the various aspects. All the above aspects have been rated with value less than "Three", that is, the factors are considered to be important. Emphasis is put on the market demand of the product, location of exhibition, organizer's reputation/ability, target visitors, cost and status of sponsoring unit. The subgroups disagree mildly on the importance of three factors -- location, status of Chinese sponsor and facilities of exhibition.

Table 5 summarizes the respondents' requirement of information for making the selection of exhibitions to be attended.

Table 5

INFORMATION REQUIREMENT^a

Summary Answers	OF N=14	HK N=20	TOTAL N=34
<u>1. Effectiveness of various sources in supplying information</u>			
Organizer	3.50 (3)	2.85 (1)	3.11 (2)
Trade Association	3.21 (2)	5.00 (6)	4.26 (5)
Government Organization	4.50 (5)	4.20 (5)	4.32 (6)
Other companies	5.21 (7)	5.35 (7)	5.29 (7)
Chinese sponsoring units	4.79 (6)	3.35 (3)	3.94 (3)
Chinese Government organization	4.07 (4)	4.10 (4)	4.08 (4)
Existing Contacts in China	2.05 (1)	3.20 (2)	2.72 (1)
<u>2. Availability of various information to foreign sellers</u>			
Details of exhibition	2.07 (1)	1.60 (1)	1.79 (1)
Details of organizer	3.07 (2)	2.60 (2)	2.79 (2)
Details of Chinese sponsor	4.21 (6)	4.10 (4)	4.15 (5)
Details of competitors' participation	3.79 (5)	4.90 (6)	4.44 (6)
Details of market demand	3.64 (3)	4.05 (3)	3.88 (3)
Details of potential visitors	3.71 (4)	4.45 (5)	4.15 (4)

Table 5

INFORMATION REQUIREMENT^a (continued)

Summary Answers	OF N=14	HK N=20	TOTAL N=34
<hr/>			
3. <u>Importance of information for decision making for joining an exhibition</u>			
Details and performance of organizers	3.64 (4)	2.80 (3)	3.15 (4)
Details of Chinese sponsor	3.00 (3)	3.10 (4)	3.06 (3)
Details of competitors	4.36 (5)	4.25 (5)	4.30 (5)
Market details	2.00 (1)	2.20 (1)	2.12 (1)
Details of potential visitors	2.21 (2)	2.65 (2)	2.47 (2)
4. <u>Importance of information for decision making for comparing two exhibitions</u>			
Organizer's ability and past performance	4.64 (6)	3.50 (3)	3.97 (3)
Status of Chinese sponsor	4.00 (4)	4.10 (4)	4.06 (4)
Product demand	3.14 (2)	1.70 (1)	2.29 (1)
Facilities available	5.21 (7)	5.40 (7)	5.32 (7)
Home recommendation	4.14 (5)	4.70 (5)	4.47 (5)
PRC contact's recommendation	2.36 (1)	3.25 (2)	2.88 (2)
If ever attended exhibition in that city recently	3.79 (3)	5.35 (6)	4.71 (6)

a
Figures in parentheses are the overall ranking in descending orders.

Legend:

OF: Overseas firms; HK: Hong Kong firms.

In selecting the exhibitions to join, both the overseas and Hong Kong firms considered that the market details and the details of the potential visitors were the most important information required for decision making. Details of the organizer and the sponsor were less important for consideration. Details of competitor was the least important factor, probably because competition will exist in every exhibition or this kind of information is usually lacking in the selection stage.

Comparing to the availability of information, details of market demand and potential visitors were not readily available to foreign sellers. Then foreign sellers might have problems in deciding which exhibition to join. Details of the exhibition and organizer were the most readily available information. Usually such information will be provided by the organizer to the seller. However, these two factors are not the most important information required.

In seeking such information, overseas firms relied very much on their contacts in PRC whilst Hong Kong-based firms rely on the organizer and contacts in PRC. Chinese Government and sponsoring organizations were rated as not very effective in supplying information.

In view of the difficulties of getting the initial information on the product and market profile, the respondents relied heavily on their own contacts in PRC in selecting which exhibition to attend. Overseas firms were less concerned about the organizer's ability but Hong Kong firms were fairly concerned with such in their decision making.

Marketing Objectives

The marketing objectives in joining the exhibitions by respondents are summarized in Table 6.

The respondents were allowed to tick one or more objectives in this question and were asked to rank the objectives. Many respondents ticked all objectives in their replies. For analysis purpose, the frequency of the objectives having been selected as one of the three most important ones was presented in Table 6.

Table 6

MARKETING OBJECTIVES^a

	OF N=14	HK N=20	TOTAL N=34
<u>Frequency of being listed as</u> <u>one of the leading three</u> <u>marketing objectives</u>			
Develop new sales lead	12 (33)	20 (34)	32 (34)
Maintain dealer relationship	6 (17)	4 (7)	10 (11)
Introduce new product	4 (11)	13 (22)	17 (18)
Being a public relations programme	4 (11)	11 (19)	15 (16)
On-the-spot sales	10 (28)	11 (19)	21 (22)
Unknown	0 (0)	0 (0)	0 (0)

^a

Figures in parentheses are percentages.

Legend:

OF: Overseas firms; HK: Hong Kong firms.

One respondent joined the exhibition solely to help his PRC licensee to promote the product. Two other respondents had the objectives of gathering marketing information in China.

It is noted that all respondents had marketing objectives when they joined the exhibitions. From the raw data of ranking of objectives, the prime objective is to develop new sales leads. This may be explained by the fact that many end-user units are unknown to the exhibitors. On-the-spot sales and introduction of new product are being rated as the second most important objectives.

The respondents were asked about the preference to join a specialized exhibition or a general product exhibition. All fourteen oversea and twenty Hong Kong firms indicated that they preferred to attend specialized exhibitions.

Other problems in selecting an exhibition to attend listed by the respondents are given in Appendix 9.

Many respondents emphasized the availability of limited resources (time, cost, manpower) to attend exhibitions held in PRC or overseas. In general, it is felt that too many exhibitions are held. One respondent reported that he had difficulties in knowing the full details of the exhibitions in advance, therefore he could not make the correct decision. Some were concerned with the performance of the organizers as many organizers have little past experience in holding exhibitions.

Preparation Stage

In this section, the respondents were asked about problems they encountered in making preparations for exhibitions.

Exhibits

Firstly, the respondents were asked what activities in the exhibition they would consider as very important and put more effort in preparing for such activities. The findings are summarized in Table 7.

Table 7

IMPORTANCE OF EXHIBITS IN ATTRACTING VISITORS^a

EXHIBITS	OF N=14	HK N=20	TOTAL N=34
Hardware exhibits	1.07 (1)	1.90 (1)	1.56 (1)
Displays	2.57 (2)	2.80 (3)	2.71 (2)
Pamphlet/brochure	3.21 (3)	2.75 (2)	2.94 (3)
Booth layout	4.29 (5)	4.00 (5)	4.12 (5)
Paper for seminar	3.71 (4)	3.55 (4)	3.62 (4)

^a
Figures in parentheses are overall ranking in descending order

Legend:

OF: Overseas firms; HK: Hong Kong firms.

The pattern of rating is similar for both subgroups, overseas firms and Hong Kong firms. Hardware exhibits, such as equipment, were considered to be very important in attracting potential visitors. Displays and pamphlet/brochure were considered as the next most important tools. The respondents considered papers to be presented in seminar and booth layout the least important. The pattern matches with the fact that many exhibitors like to bring along equipment to the exhibition for display.

The respondents were then asked on the factors affecting the selection of individual exhibits. The results are summarized in Table 3 below.

Table 3

THE SELECTION OF EXHIBITS^a
IN PREPARATION STAGE

Factors	OF	HK	TOTAL
1. <u>Importance of the factor in selecting the hardware exhibits</u>	N=14	N=20	N=34 ^a
Equipment may be sold	1.86 (1)	3.83 (3)	3.01 (3)
Equipment may be operated	4.00 (4)	3.72 (5)	3.83 (4)
Cost of exhibition space	4.57 (5)	4.78 (6)	4.69 (6)

Table 8

THE SELECTION OF EXHIBITS IN PREPARATION STAGE^a
(continued)

Factors	OF	HK	TOTAL
	N=14	N=20	N=34 ^a
Market demand of equipment	2.21 (2)	2.33 (1)	2.28 (1)
Product listed by PRC end-users	3.21 (3)	2.50 (2)	2.79 (2)
Technology level of equipment matches with that in PRC	4.71 (6)	3.83 (3)	4.19 (5)
2. <u>Importance of the factor in selecting internal staff</u>	N=14	N=19	N=33
Knowledge of PRC trading practice	2.07 (1)	2.89 (3)	2.54 (2)
Knowledge of PRC culture and mentality in negotiation	3.00 (3)	3.11 (4)	3.06 (3)
Salesmanship	3.93 (4)	4.11 (5)	4.03 (5)
Technical knowledge	2.14 (2)	2.53 (1)	2.36 (1)
Chinese speaking	4.29 (5)	2.68 (2)	3.36 (4)
Cost	5.21 (6)	5.68 (6)	5.49 (6)

Table 3

THE SELECTION OF EXHIBITS IN PREPARATION STAGE^a
(continued)

Factors	OF	HK	TOTAL
3. <u>Degree of difficulties of the factor in preparing display, pamphlets and brochures</u>	N=14	N=19	N=33
Translation into Chinese	2.29 (1)	3.00 (3)	2.70 (3)
Adaptation to Chinese culture	2.86 (4)	3.11 (4)	3.00 (4)
Government censorship	4.00 (5)	3.78 (5)	3.87 (5)
Cost	2.30 (2)	2.89 (2)	2.64 (2)
Determining quantity to be produced	2.64 (3)	2.22 (1)	2.40 (1)
4. <u>Degree of difficulties of the factor in preparing for Seminar</u>	N=9	N=18	N=27
Topics to be presented	2.00 (2)	1.67 (1)	1.78 (1)
Authoritative speaker	3.44 (4)	2.17 (2)	2.59 (3)
Translation into Chinese	2.67 (3)	3.22 (4)	3.04 (4)
Preparation of Audio-visual materials	1.78 (1)	2.94 (3)	2.55 (2)

a

Figures in parentheses are overall ranking in descending order.

Some respondents did not fill in the answer. The number N for each question is shown and the mean ranking calculated accordingly.

Legend:

OF: Overseas firms; HK: Hong Kong firms.

In selecting the hardware exhibits, overseas sellers emphasized the salability of the equipment after the exhibition. This could be explained by the high cost and additional time involved in shipping the exhibits back. Both subgroups considered the product demand of the equipment in China as an important factor in selecting the exhibits.

In selecting the staff to attend the exhibition, foreign sellers emphasized on the staff's knowledge in PRC trading practice and technical knowledge; Hong Kong - based firms emphasized technical knowledge and staff being Chinese speaking. The foreign sellers emphasized less on the language capability probably due to most of their staff are non-Chinese speaking. The Hong Kong-based firms had a better choice of staff with suitable language capability to overcome the communication barrier.

In preparing for the display, text and brochures, the foreign sellers had difficulties in the translation. The Hong Kong-based firms were less concerned with the translation, but they had problems in determining the quantity of pamphlets to be produced.

Quite a number of respondents did not reply to the question on problems involved in preparing for seminars, probably due to the fact that they regarded seminars as ineffective in attracting customers, as seen in Table 7. Foreign sellers found preparing the audio-visual materials to be the most difficult items in the preparation. Hong Kong-based firms found difficulties in seeking the authoritative speakers.

Organizer's Services

The respondents were asked to rank in descending order the frequency of having difficulties in seeking organizer's support services. The results are shown in Table 9.

Table 9
DEGREE OF DIFFICULTIES IN
SEEKING ORGANIZER'S SERVICES^a

	OF N=13	HK N=19	TOTAL N=32
<u>Degree of difficulties in seeking services of</u>			
Visa application	3.92 (5)	4.16 (6)	4.06 (6)
Freight forwarding	2.85 (1)	2.26 (1)	2.50 (1)

Table 9
DEGREE OF DIFFICULTIES IN
SEEKING ORGANIZER'S SERVICES^a
(continued)

	OF N=13	HK N=19	TOTAL N=32
Travel accommodation	2.92 (2)	2.47 (2)	2.62 (2)
Booth decoration	4.46 (6)	3.47 (4)	3.87 (4)
Secretarial support	3.85 (3)	3.16 (3)	3.44 (3)
Legal advise on PRC law	3.85 (3)	3.95 (5)	3.91 (5)
Insurance	6.08 (7)	5.53 (7)	5.75 (7)

^a
Figures in parentheses are overall ranking

Legend:

OF: Overseas firms; HK: Hong Kong firms.

The pattern of difficulties encountered in seeking the organizer's service is similar between both subgroups. Freight forwarding and travel/accommodation arrangement are considered as the problems areas where many difficulties were present. These two areas are the most important activities in preparing for the equipment and/or staff to join the exhibition. This may be due to the limited offloading and hotel facilities in PRC.

The respondents were asked if they have difficulties in carrying out certain activities prior to attending the exhibition. The results are summarized in Table 10.

Table 10

DIFFICULTIES IN CONDUCTING PRE-EXHIBITION ACTIVITIES^a

	OF N=14		HK N=20		TOTAL N=34	
<u>No of firm having difficulties in conducting the activities</u>	Yes	No	Yes	No	Yes	No
Send pamphlets to visitors	5 (36)	9 (64)	6 (30)	14 (70)	11 (32)	23 (68)
Collect competitor's information	7 (50)	7 (50)	10 (50)	10 (50)	17 (50)	17 (50)
Collect visitor's profile	12 (86)	2 (14)	19 (95)	1 (5)	31 (91)	3 (9)

a

Figures in parentheses are percentages.

Legend:

OF: Overseas firms; HK: Hong Kong firms.

The design of this question enabled the researchers to obtain only an overall view. The pattern of difficulties encountered by both subgroups is similar. Collecting prospective visitor's profile is the most difficult activity. The foreign sellers often have to attend exhibitions without knowing much about the potential visitors. Although new sales lead may be developed, the foreign sellers also faced a high degree of uncertainty in attending the exhibition. The foreign sellers have less difficulties in collecting competitors' information and sending pamphlets to prospective visitors.

All respondents reported that they had no experience of a trade exhibition being called off in the last minute. Only one respondent reported that the exhibition venue and dates were changed. No reason of the change was given. One respondent reported that he was aware of cancellation of trade shows due to inadequate response/participation although he had no personal experience.

Other problems faced by the foreign sellers in the preparation stage were listed in Appendix 10. Many foreign sellers complained about the poor facilities of offloading and transportation. Communication with organizer and with the Chinese sponsors was another problem. One respondent reported about the long lead time between forwarding of exhibit and actual exhibition. A few respondents expressed concerns of their machinery being imitated by PRC manufacturers.

Execution Stage

In this section, the respondents gave their experience of attending the exhibition and interaction with the visitors.

Services Available

The respondents' opinion of the availability and standard of service in attending exhibitions in PRC are summarized in Table 11 below.

Table 11

AVAILABILITY AND STANDARD OF SERVICE IN PRC^a

Summary Answers	X _O	X _h	v	t _v	X _t ^b	$\frac{S}{0.1 \quad 0.05}$	
1. <u>Availability^c</u> <u>of service</u>							
Hotel accommodation	2.71	2.70	32	0.04	2.7	A	A
Taxi transport	3.00	2.90	32	0.26	2.94	A	A
Food and refreshment	2.07	1.95	32	0.29	2.00	A	A
Long distance call/telex	2.21	2.50	32	-0.76	2.38	A	A
Audio-visual equipment	2.85	3.35	32	-1.22	3.14	A	A
Photocopier	2.57	2.90	32	-0.81	2.76	A	A
Electricity	2.20	2.45	32	-0.66	2.35	A	A
Water	2.07	2.70	32	-1.57	2.44	A	A
Compressed air	2.28	3.05	32	-1.96	2.70	R	A
2. <u>Availability^c</u> <u>of PRC staff</u>							
Technical intrepreter	3.07	2.94	31	0.32	3.00	A	A
General intrepreter	2.21	2.47	31	0.81	2.36	A	A
Secretarial staff	2.43	2.63	31	-0.60	2.53	A	A
Electrician	2.35	2.63	31	-1.10	2.51	A	A
Photographer	2.35	2.74	31	-1.12	2.57	A	A
Security guards	2.07	2.73	31	-1.84	2.45	R	A
Stevedores	2.42	2.73	31	-1.16	2.60	A	A

Table 11
 AVAILABILITY AND STANDARD OF SERVICE IN PRC
 (continued)

Summary Answers	X_o	X_h	v	t_v	X_t^b	S	
						0.1	0.05
3. <u>Degree of satisfaction^c</u> <u>of services available</u> <u>in PRC</u>							
Hotel services	2.85	3.00	32	-0.55	2.94	A	A
Transportation	3.21	3.50	32	1.01	3.30	A	A
Telecommunication	3.00	3.60	32	1.85	3.35	R	A
Sanitary services	3.35	3.45	32	0.36	3.40	A	A
Security	1.85	2.75	32	-2.55	--	R	R
Utilities	2.57	3.20	32	-2.57	--	R	R
Standard of intrepretation	2.50	3.30	32	-2.27	--	R	R
Legal advice	2.80	3.55	32	-2.45	--	R	R
Secretarial skill	2.76	3.45	32	-2.13	--	R	R

a
 One respondent did not reply to this question, therefore the degree of freedom vary slightly

b
 If null hypothesis is rejected at $\alpha=0.05$, X_t is meaningless and will not be given

c
 For rating scale, see legend

Legend:

X_o : Mean value of score of oversea firms

X_h : Mean value of score of Hong Kong firms

X_t : Mean value of score of all respondents

Table 12

EXPERIENCE OF BUSINESS CONTACT WITH VISITORS^a

Summary Answers	X _o	X _h	v	t _v	X _t ^b	$\frac{S}{0.1 \quad 0.05}$	
1. <u>General</u>							
Too many visitors	1.28	1.70	32	1.79	1.59	R	A
Too few visitors	4.85	3.95	32	3.15	--	R	R
Most visitors are not involved with the industry	2.78	1.70	32	2.92	--	R	R
Most visitors are onlookers	2.85	1.70	32	2.75	--	R	R
Most visitors are knowledgeable in the industry	2.78	3.00	32	-0.59	2.91	A	A
Most visitors are competitors	3.71	3.00	32	1.50	3.29	A	A
Visitors are from one locality only	3.57	3.00	32	1.40	3.38	A	A
PRC buyers whom you have contact with, are not invited	3.42	3.25	32	0.40	2.91	A	A
Show is a carnival	3.50	3.45	32	0.13	3.47	A	A
Exhibits can not be sold	3.92	2.70	32	2.61	--	R	R
2. <u>Behavior of visitors</u>							
Time of stay is short	2.63	1.70	32	2.60	--	R	R
Unwilling to disclose identity	2.92	3.10	32	-0.38	3.02	A	A
Questions concerned with structure of equipment but not performance	2.64	1.75	32	-1.89	2.11	R	A

Table 12

EXPERIENCE OF BUSINESS CONTACT WITH VISITORS^a
(continued)

Summary Answers	X_o	X_h	v	t_v	X_t^b	S	
						0.1	0.05
Unwilling to disclose production detail	2.71	2.55	32	0.42	2.62	A	A
Ask for pamphlet	1.64	1.35	32	1.16	1.47	A	A
Questions raised not relevant	2.71	2.55	32	0.53	2.61	A	A
Difficult to know visitor's authority in making buying decision	1.43	1.75	32	-1.29	1.62	A	A
Unwilling to disclose details of business unit	2.64	2.60	32	0.11	2.62	A	A
Difficulties in communication	2.50	3.50	32	2.68	--	R	R
3. <u>Reasons of failure^b to reach sale agreement in exhibition because the buyers</u>							
Ask for big price discount	2.00	2.10	29	0.23	2.06	A	A
Refuse to pay installation cost	2.81	3.60	29	-1.33	3.32	A	A
Refuse to pay maintenance/training fee	2.90	3.70	29	-1.56	3.41	A	A
Has to refer the buying decision to others	2.00	2.00	29	0	2.00	A	A
No time to complete the documentation	2.64	2.20	29	0.96	2.35	A	A
No foreign exchange	2.36	2.50	29	-0.27	2.45	A	A

a
If null hypothesis is rejected at $\alpha=0.05$, X_t is meaningless and will not be given.

b
Three foreign respondents did not fill in their reply to this question as they have no on-the-spot sales experience.

Legends:

X_o : Mean value of score of overseas firms.

X_h : Mean value of score of Hong Kong firms.

X_t : Mean value of score of all respondents.

Rating scale:

Frequency of event encountered	Very often	Often	Occasionally	Seldom	Very rare
	1	2	3	4	5

v : Degree of freedom

t_v : Specific t value

α : Level of significance

From the result, the following general observations may be drawn:-

1. Both subgroups agreed that the number of visitors was too many but differed in their opinion of the frequency of this event.
2. Hong Kong firms considered that visitors were often not related to the industry and were onlookers. Overseas sellers did not consider that this phenomenon was common.
Overseas sellers usually sold their exhibits in the show but Hong Kong firms sold the equipment only occasionally.
3. Both groups agreed that other general phenomena listed in the questionnaire only occurred occasionally.
4. Hong Kong firms considered that the time of stay in the exhibitor's booth of most visitors was short but overseas firms considered that the event happened occasionally only.

5. Both subgroups agreed that the visitors were willing to disclose their own identity, but frequently they were unwilling to disclose production details and details of the business unit.
6. Both subgroups agreed that many causal visitors asked for pamphlets.
7. Both subgroups agreed that only occasionally the questions raised were irrelevant. Hong Kong firms considered that the questions raised by visitors were often related to the structure rather than the performance of the product. The overseas firm considered the case occurred only occasionally.
8. Overseas firms expressed that difficulties in communication occurred frequently but the Hong Kong firms expressed less concern over this problem.
9. Both subgroups considered that the common reasons for failure of business negotiation conducted in the exhibition were due to buyers asking for big price discount, buyers unable to make buying decision, time available too short to complete the required documentation, and no foreign exchange.

Furthermore, the respondents were asked to put down the approximate percentage of different categories of visitors and business conducted. Many respondents expressed difficulties in filling in the answers. The results were summarized in Table 13. The results should be used with caution as the range of answers given was very large.

Table 13

PERCENTAGE OF DIFFERENT CATEGORY^a
OF VISITORS AND BUSINESS CONTACTS

PERCENTAGE OF	X_o	X_h	v	t_v	X_t^b	S	
						0.1	0.05
Industrial Personnel/ All visitors	60.2	37.4	24	2.14	-	R	R
Prospective buyers/ All visitors	25.2	11.7	24	2.27	-	R	R
Visitors who asked question	53.2	24.7	24	2.75	-	R	R
Visitors who leave their name and address	42.11	29.7	24	1.00	34.00	A	A
Visitors who can speak English	7.88	5.00	24	1.20	6.00	A	A
Business negotiation conducted amongst visitors who left their name	23.11	18.88	24	0.34	20.34	A	A
Successful business negotiation obtained	9.44	10.05	24	-0.09	9.84	A	A
PRC buyers being price conscious	68.3	74.05	24	-0.37	72.07	A	A
PRC buyers who are quality conscious	53.9	50.29	24	0.283	51.53	A	A
Demonstration equipment sold after the exhibition	43.2	39.00	24	0.326	38.8	A	A
On-the-spot negotiation that fail due to documentation not completed	10	26.4	24	-1.54	20.76	A	A
On-the-spot negotiation that fail due to lack of foreign exchange	13.8	26.4	24	-1.12	22.11	A	A

a

Many respondents did not answer this question, probably because of the difficulty of assigning an accurate estimate of the percentage to each answer.

Total number of respondents used for analysis:

overseas firms : 9
Hong Kong firms: 18

b

If the null hypothesis is rejected, at $\alpha=0.05$, x_t is meaningless and is not given.

Legend:

X_o : mean value of percentage given by overseas firms

X_h : mean value of percentage given by Hong Kong firms

X_t : mean value of percentage given by all firms

v : degree of freedom

t_v : t-value

A : Acceptance of null hypothesis (H_o) R: Rejection

H_o : The two samples are drawn from the same normal population

The figures given for these questions by the respondents vary greatly. The standard deviation calculated is very large. This is probably due to the fact that percentages assigned by the respondents are subjective. The figures differ very much for each question. The intention of acquiring these figures is mainly for comparison of results. It is felt that these approximate results would meet the requirement.

The following points may be drawn:

1. The percentage of buyers recognised by the overseas firms as industrial personnel amongst all visitors was larger than that by Hong Kong - based firms. Some overseas firms even claimed that 100% of visitors were prospective buyers.
2. Overseas firms were asked a lot of questions by visitors as compared to Hong Kong - based firms.

3. The percentages of all other aspects are similar between these two subgroups.
4. The percentage of English-speaking PRC visitors is considered to be very low.
5. New sales lead did develop from 20% of the visitors who had left their name as reported by the sample.
6. The percentage of demonstration equipment sold after the exhibition are similar. The result is inconsistent with that from Table 12 in which the two subgroups reported different frequency of exhibits that could not be sold.
7. The raw data of the percentage of negotiation that due to the lack of time to complete documentation and lack of foreign exchange vary greatly. Some respondents reported 0% whilst some reported over 50%. The figures should be reviewed with caution. The mean of the sample indicated that quite an amount of on-the-spot negotiation failed due to these two reasons.

The respondents were asked on their experience of seeking support service from the organizer during the exhibition stage and with the PRC government. The comments are given in Appendix 11.

One respondent reported that the record books of visitors' name, address, type and size of factory was confiscated by PRC officials. In this circumstance, the organizer failed to help to arrange meetings to solve the problem.

The problems with the organizers were rather diversified. In general, the comments were the lack of support when problems arose due to the fact that the organizer was so busy and had no resources. The organizer's resource was limited and proper organization was required to meet exhibitors' needs. Some respondents reported difficulties in acquiring entry tickets from the organizer for their Chinese buyers. The respondents also expressed difficulties in getting custom clearance from PRC Government.

Other problems in the execution stage reported by the foreign sellers are given in Appentix 12. The main concern was the quality of the visitors. It was difficult for the respondents to know whether the visitors were potential customer or had authority to make purchasing decision. Some foreign sellers expressed concern at the lack of audio-visual equipment and unstable power supply which caused damage to equipment. One respondent reported pilferage.

The respondents were asked if the staff learnt something from PRC in joining the exhibition. The results are given in Table 14.

Table 14

ASPECTS LEARNED BY STAFF OF FOREIGN
SELLERS IN PRC EXHIBITION

ASPECTS	OF N=14		HK N=20		TOTAL N=34	
	YES	NO	YES	NO	YES	NO
<u>No of firms considered that their staff has learned</u>						
Chinese custom and mentality	12 (86)	2 (14)	20 (100)	0 (0)	32 (94)	2 (6)
Chinese business practices and negotiation skill	11 (79)	3 (11)	18 (90)	2 (10)	29 (85)	5 (15)
Chinese law	4 (29)	10 (71)	3 (15)	17 (85)	7 (21)	27 (79)
Industrial demand in China	9 (36)	5 (36)	18 (90)	2 (10)	27 (79)	7 (21)
Technology level in China	12 (86)	2 (14)	17 (85)	3 (15)	29 (85)	5 (15)
Weak link in PRC industry	9 (64)	5 (36)	15 (75)	5 (25)	24 (71)	10 (29)

a
Figures in parentheses are percentages

Legend:

OF: Overseas firms HK: Hong Kong firms

In general, the two subgroups agreed that their staff learned about various aspects except the Chinese laws during the exhibition. Preliminarily, there are encouraging results for technical exchange and they agreed with the comments given in an article - 'In short, an exhibition in China is a crash course in China trading, particularly so for the first timers ¹'.

Evaluation Stage

In this section, the respondents were asked if their marketing objectives were achieved and their degree of satisfaction in joining the exhibition.

Criteria of Evaluation

The respondents' criteria of evaluation of success in participation in an exhibition are listed in Table 15.

1 'Show and Sell in China.' China Traders, March 1980, P.28-P.29.

Table 15

CRITERIA OF EVALUATION USED BY
FOREIGN SELLERS

CRITERIA	OF N=14		HK N=20		TOTAL N=34	
	YES	NO	YES	NO	YES	NO
<u>No of firms using the criteria</u>						
On the spot sales	10 (71)	4 (29)	10 (50)	10 (50)	20 (59)	14 (41)
New sales leads	14 (100)	0 (0)	19 (85)	1 (5)	33 (97)	1 (3)
Total attendance	6 (43)	8 (57)	3 (15)	17 (85)	9 (26)	25 (74)
Product Exposure	10 (71)	4 (29)	18 (90)	2 (10)	28 (82)	6 (18)

a

Figures in parentheses are percentages

Legend:

OF: Overseas firms; HK: Hong Kong Firms

One overseas firm considered how well the company image was promoted as one of the criteria in evaluation. It can be seen that new sales lead is the most common criteria of evaluation of success, whilst the total attendance is the least important. The result is consistent with that given in Table 6 --- marketing objectives. Therefore the

quality of the visitors is very important; otherwise the seller's effort will be wasted in dealing with visitors who are not buyers.

Table 16 gives the number and percentage of respondents taking follow-up action to contact prospective buyers in PRC who had left their name or address in the exhibition.

Table 16

FOLLOW-UP CONTACTS^a

	OF N=14		HK N=20		TOTAL N=34	
	<u>YES</u>	<u>NO</u>	<u>YES</u>	<u>NO</u>	<u>YES</u>	<u>NO</u>
No of firms that took follow up action to contact visitors who left their name and address	12 (86)	2 (14)	20 (100)	0 (0)	32 (94)	2 (6)

^a
Figures in parentheses are percentages

Legend:
OF: Overseas firms; HK: Hong Kong Firms

Most overseas firms and all Hong Kong firms contacted people who had left their name and address after the exhibition. The overseas firms, who had not taken any follow-up action after the show, probably joined the exhibition just to take a look at the PRC market and had no active intention to penetrate into the market.

The percentage of sales developed from these new contacts are given in Table 17. Since the figures given are very subjective and depend strongly on the product and pricing policy, the figures should be viewed with caution.

Table 17
PERCENTAGE OF SALES DEVELOPED
FROM CONTACT

No of Firms	OF N=12	HK N=20	TOTAL N=32
<u>Sales developed</u>	3	6	9
0%	(25)	(30)	(28)
1 - 10%	5	8	13
	(42)	(40)	(41)
10 - 50%	3	4	7
	(25)	(20)	(22)
Over 50%	1	2	3
	(8)	(10)	(9)
Mean percentage	20.67	14.9	17.00
Standard Deviation	24.62	25.3	24.64
t-value	-	-	0.611

a
Figures in parentheses are percentages.

Legend:
OF: Overseas firms; HK: Hong Kong firms.

In general, the pattern of new sales developed from contact after the show as claimed by both subgroups are similar. The percentage of new sales developed tends to be low.

Budget Control

The frequency of having the expenditure in the exhibition exceeding the budget as reported by the respondents is given in Table 18.

Table 18

FREQUENCY OF COST OVERRUN

	X_o	X_h	v	t_v	X_t	$\$$	
						0.1	0.05
Frequency of cost overrun	2.71	2.1	32	0.40	2.35	A	A

Legend:

X_o : Mean value of score of overseas firm

X_h : Mean value of score of Hong Kong firm

X_t : Mean value of score of total sample

Rating scale

always	frequent	sometimes	seldom	never
1	2	3	4	5

v : Degree of freedom

t_v : t-value

$\v : Level of significance

A : Acceptance of null hypothesis (H_o), R: Rejection

H_o : The two subgroups are from the same population.

The result indicated that the expenditure in the exhibition often exceeded the budget. The reasons of the cost overrun are given in Table 19.

Table 19
REASONS OF COST OVERRUN

Summary Answers	OF N=10		HK N=20		TOTAL N=30	
	<u>YES</u>	<u>NO</u>	<u>YES</u>	<u>NO</u>	<u>YES</u>	<u>NO</u>
Additional charges by organizer	3 (30)	7 (70)	11 (55)	9 (45)	14 (47)	16 (53)
Additional charges by PRC Govt.	0 (0)	10 (100)	5 (25)	15 (75)	5 (17)	25 (83)
Additional costs in staff expense.	8 (80)	2 (20)	16 (80)	4 (20)	24 (80)	6 (20)
Additional charges in shipping	10 (100)	0 (0)	16 (80)	4 (20)	26 (87)	4 (13)

a
Figures in parentheses are percentage

Legend:

OF: Overseas firms; HK: Hong Kong firms

The main reasons of cost overrun appear to be due to additional charges in shipping and staff expense. Two respondents reported that the additional charges were incurred in entertainment, which was a common means of developing public relations in PRC. Seldom additional charges were required by PRC Government and organizers.

Effectiveness of Exhibition as
a Marketing Tool

As noted in previous studies and confirmed by earlier results, developing new sales leads is the prime objective of attending exhibitions in PRC. The respondents were asked on how effective in developing new sales leads per dollar spent for the exhibition is compared with other promotional means. Table 20 gives the summarized result.

Table 20
EXHIBITION BEING MORE EFFECTIVE IN
DEVELOPING NEW SALES CONTACT

	OF		HK		TOTAL	
	N=13		N=19		N=32	
	YES	NO	YES	NO	YES	NO
Newspaper and magazine	11 (85)	2 (15)	15 (79)	4 (21)	26 (81)	6 (19)
Television media	10 (77)	3 (23)	10 (53)	9 (47)	20 (63)	12 (37)
Direct sales call	5 (38)	8 (62)	8 (42)	11 (58)	13 (41)	19 (59)
Bill board	9 (69)	4 (31)	10 (53)	9 (47)	19 (59)	13 (41)
Direct mail	11 (85)	2 (15)	9 (47)	10 (53)	20 (63)	12 (37)

a

Figures in parentheses are percentages.

Legend:

OF: Overseas firms; HK: Hong Kong firms.

For both subgroups of foreign sellers, attending exhibition was considered to be more effective than advertising using newspaper and magazine, television media, bill board and direct mail in developing new sales lead per dollar spent. In general, more overseas firms considered that attending exhibition was an effective tool. Direct sales call was considered more effective than attending exhibition in developing new sales contact by both groups.

Degree of Satisfaction

The respondents' degree of satisfaction in the latest exhibition attended and areas of dissatisfaction are given in Table 21.

Table 21
DEGREE OF SATISFACTION IN
JOINING EXHIBITIONS

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Table 21

DEGREE OF SATISFACTION IN JOINING EXHIBITIONS
(continued)

	X_o	X_h	v	t_v	x_t^a	S	
						0.1	0.05
3 Area of dissatisfaction							
Poor organization of exhibition	3.61	2.55	32	2.72	---	R	R
Poor quality of visitors	3.21	2.30	32	2.29	--	R	R
Product demand in PRC is low	3.64	2.95	32	1.47	3.23	A	A
Staff not familiar with PRC problems	4.07	3.95	32	0.30	4.00	A	A
Governmental influence	3.85	3.80	32	0.12	3.80	A	A
Lack of provision of staff in PRC	3.42	3.51	32	-0.20	3.47	A	A
Lack of facilities in PRC	3.36	2.85	32	1.39	3.05	A	A

a
If null hypothesis is rejected at $v=0.05$, then x_t is meaningless is not given

b
Six overseas firms and two Hong Kong firms did not reply to this question.

Legend:

X_o : Mean value of score of oversea firm

X_h : Mean value of score of Hong Kong firm

X_t : Mean value of score of total sample

Rating scale

Always Frequent Sometimes Seldom Never

1 2 3 4 5

v : Degree of freedom

t_v : t value

S : Level of significance

A: Acceptance of null hypothesis (H_o) R: Rejection

H_o : The two subgroups are from the same population

Hong Kong firms often were not satisfied with the organization of the exhibition and quality of visitors. Overseas firms considered that there was no specific areas of dissatisfaction but seldom they were not satisfied. It appeared that Hong Kong firms had more dissatisfactions than the overseas firms.

Area for Improvement

Table 22 gives the respondents' opinion on the areas that need improvement urgently.

Table 22
AREA OF IMPROVEMENT REQUIRED^a

	OF		HK		TOTAL	
	N=14		N=20		N=34	
	YES	NO	YES	NO	YES	NO
Exhibition facilities	8 (57)	6 (43)	12 (60)	8 (40)	20 (59)	14 (41)
Telecommunication	6 (43)	8 (57)	19 (95)	1 (5)	25 (74)	9 (26)
Training of intepreters	10 (71)	4 (29)	12 (60)	8 (40)	22 (65)	12 (35)
Decentralization of buying decision	14 (100)	0 (0)	18 (90)	2 (10)	32 (94)	2 (6)

a

Figures in parentheses are percentage.

Legend:

OF: Overseas firms; HK: Hong Kong firms.

Both groups expressed concerns on the urgency of decentralization of buying decision, which is a policy to be decided by the PRC Government. Hong Kong firms expressed concern on the urgency of provision of telecommunication in order that they might keep in contact with their headquarters in Hong Kong. The overseas firms emphasized more on the quality of interpreters. One respondent reported that organizers' ability need to be improved urgently. As many organizers are private firms, it would be difficult to control the standard or ability of the organizers.

General Evaluation

In this section, the respondents were asked about their opinion of certain statements on the role of industrial exhibition in PRC and the trends.

The details of the respondents' opinion towards the role of industrial exhibition in PRC are given in Table 23.

Table 23

ROLE OF INDUSTRIAL EXHIBITIONS

Statement	X_o	X_h	v	t_v	X_t	$\$$	
						0.1	0.05
1. Industrial exhibition is an effective tool of trade promotion in PRC	1.50	2.00	32	1.50	1.79	A	A
2. Industrial exhibition would promote the technology level in PRC	1.75	2.20	32	1.68	2.02	A	A
3. Industrial exhibition can be replaced by other marketing tools	3.28	2.90	32	1.22	3.05	A	A
4. Industrial exhibition is an effective tool in introducing new technology in PRC	2.00	2.40	32	1.05	2.23	A	A
5. Industrial exhibitions cause PRC firms to buy things they may not need or too sophisticated	3.92	3.15	32	1.73	3.47	R	A
6. PRC Government interfere too much in Exhibition	2.92	3.00	32	-0.22	2.97	A	A

Legend:

 X_o : Mean value of score of oversea firms X_h : Mean value of score of Hong Kong firms X_t : Mean value of score of all firms

Rating scale

Strongly
disagree

Agree

Neither agree
nor disagree

Disagree

Strongly
disagree

1

2

3

4

5

 v : Degree of freedom t_v : t-value $\$$: Level of significanceA: Acceptance of null hypothesis (H_o) R: Rejection H_o : The sample are drawn from the same population

Both subgroups agreed that industrial exhibition was an effective tool of marketing in PRC and would promote the technology level and introducing technology into PRC. Both subgroups had no opinion on whether industrial exhibition might be replaced by other marketing tools and whether PRC Government's interference is too much. The subgroups disagreed mildly on one issue. The overseas firms disagreed with the statement that the industrial exhibitions might cause PRC firms to buy things that might not be needed or too sophisticated; Hong Kong firms expressed no opinion here.

Trends

The respondents' comments on the future trends for holding exhibitions in PRC and restraining factors are summarized in Appendix 13, 14, and 15 respectively.

Several comments worth further consideration:

Many respondents were quite positive to future development of exhibition and agreed that provided that the current open door policy and modernization program continued, the demand of holding exhibitions would be positive. The increase of trade balance and purchasing power would be positive signs also. Many also reported that they had seen more specialized exhibitions and regular exhibitions being held. One respondent pointed out that as

buying decisions were decentralized, the trend would be positive. Another pointed out that the restriction on travel would encourage the foreign sellers to join exhibitions to feel the market.

The restraining factors listed might be classified into several groups. Firstly, many people were concerned with the high cost of participation. Secondly, there were too many exhibitions of similar nature and the exhibitors had difficulties in selection due to the lack of marketing information. Thirdly, exhibitors were concerned with the PRC Government involvement, especially controlling the distribution of tickets. Lastly, the lack of transport and exhibition facilities were also mentioned.

Some of the negative trends listed might be classified as restraining factors mentioned in the above paragraph. In this section, the respondents expressed concern over the poor quality of some organizers and they did not know much about the organizers. Some respondents expressed concern over the poor quality of visitors and PRC buyers asking for big cut in price for sale of exhibits. One respondents pointed out that, if the world economy recovered, he would turn to other countries as he was not happy with developing business with PRC which was a slow process. Others pointed out that direct sales or holding seminars for specific markets would be more effective than attending a public exhibition. One pointed out that restriction of travel in PRC had prevented some PRC visitors from attending the exhibitions.

CHAPTER V

INTERVIEWS WITH CCPIT OFFICIALS

Between January to March, 1984, one of the researchers had the opportunity of visiting officials in four sub-councils of the China Council for the Promotion of International Trade (CCPIT), namely the Shanghai, Jiansu, Beijing and Fujian sub-councils. These officials have on the average five to six years of working experience in CCPIT. They are well versed with the exhibition business in China and most of them hold responsible positions in the sub-councils.

The interviews were conducted in the offices of the CCPIT Sub-councils in China. The atmosphere of the interviews was casual, open and friendly. The officials involved were willing to disclose their personal feelings and opinions, probably because the researcher has developed personal relations with these officials through organizing exhibitions in China.

The purpose of the interviews was to find out the trends of development, problems, prospects of foreign exhibitions in China from the views of the Chinese officials.

The views of the interviewees are summarized afterwards and presented in the form of questions and answers as below:

Trends and Drawbacks

Q1 In 1978, there were about five foreign exhibitions held in China, while in this year, 1984, there are about forty to be held in different cities. Do you think this trend will continue? and why?

A.1 China's modernization program needs the importing of foreign technology and products. Exhibitions serve as a very effective means of technical exchange between the Chinese end-users and the foreign suppliers, hence, it will continue to develop, but not necessarily in terms of numbers, more important is the up-grading of quality.

Q2 What are the most serious draw-backs as you can see in exhibitions in China?

A.2 The most serious problem is that there are too many exhibitions of the same nature being organized in

different cities of China each year and there is a repetition of effort. Furthermore, more foreign manufacturers find it hard to choose which exhibition in which to participate.

Q3 Would it be possible for CCPIT Head Office to centralize all the applications to organize exhibitions and fairs and to make sure no repetitive events will happen within a short period of time?

A.3 Theoretically it is feasible. In actual case, China is a vast country and is in lack of adequate accommodation facilities. It is impossible for any city in China to entertain visitors from all over China without constraints. Right now, most exhibitions have an overwhelming majority of their visitors coming from the vicinity areas of the city where the exhibition is held. Therefore, it is difficult for CCPIT Head Office to suppress the local authorities in sponsoring foreign exhibitions. In actual fact, CCPIT Head Office often urges foreign exhibition organizers to stage their shows in

inner provinces as now most shows are organized in the coastal cities, such as Guangzhou, Shanghai, Beijing and Tianjin and end-users in inner provinces seldom have the chance to visit a foreign technology/products exhibition.

On the other hand, CCPIT Head Office is staging large-scale multi-national exhibitions in Beijing and a big fair-ground is now under construction. It is the wish of CCPIT Head Office to organize big multi-national exhibitions with nation-wide visitors while letting the local CCPIT branches sponsor smaller scale exhibitions geared towards the need of the local industries. However, taking into account the accommodation facilities in Beijing, only very limited numbers of visitors from the more remote or inner parts of China can go to these exhibitions.

Q4 What are the latest notable developments in the exhibition business in China?

A.4 CCPIT Head Office and its Guangzhou Branch staged their own exhibitions in 1983 with great financial success.

In the past, most of the CCPIT branches allowed foreign exhibition companies to stage shows in the cities and charged them only a small sponsoring fee while leaving them a handsome profit. In the future, we, as a CCPIT branch office, will try the following three formats of corporation in organizing international fairs and exhibitions.

1. Foreign exhibition company to act as organizer, and we act as sponsor. In this arrangement, the foreign partner will be responsible for selling exhibition spaces to overseas suppliers while we are responsible to organize the Chinese visitors. All revenues go to the foreign partner while they pay us a lump sum of sponsoring fee agreed upon earlier.
2. Joint venture with foreign exhibition companies. For division of work, it will be the same as (1) above. However, we will share the profit with the foreign partner on a fixed percentage basis.

3. We will act as the organizer ourselves. That is, we will sell spaces directly to overseas companies and we will also organize visitors to the show.

For the time being, we will use all of these three formats to stage exhibitions and which format to use for a particular exhibition will be a case-to-case decision.

Organizing Exhibitions

Q5 What problems do you face when dealing with overseas exhibition organizers?

A.5 The two major problems we have with them are:

1. Most organizers are commercial institutions and they would accept whatever exhibitors they can get. The products of some exhibitors are not what we want. Sometimes they are too sophisticated and sometimes too simple and we can produce them ourselves. The show organizers should consult us more frequently before signing up with exhibitors.

2. Our end-users generally need a long time to go through tedious documentations to buy the exhibits. However, many organizers supply us with the catalogues and quotations of the exhibits only shortly before the exhibition. The exhibitors are not happy when their hardware exhibits are not sold out and they have to be shipped all the way back home.

Q6 What kind of exhibitions do you prefer to sponsor?

A.6 We prefer medium size exhibitions, specialized on a industry which we have a good foundation and which is scheduled for renovation. In these exhibitions, it is better to have exhibitors from different countries instead of from just one. In this way, we can make comparisons of products from different countries.

Q7 How can your organization ensure that the exhibitions sponsored by you are to the benefits of the end-users?

A.7 We are now taking an active attitude to serve our industry, we have started to survey the needs of our industry by sending out questionnaires to the industry bureaus. These questionnaires are to seek their advice on what kind of exhibitions they would support and what buying program they have in mind. With this information, our talks with foreign exhibition companies will become more fruitful. We can ask them to organize shows that we want and they are supplied with detailed information on what are in need.

Q8 Under China's present open door policy, many Chinese experts go to visit big multi-national exhibitions in Europe, Japan and the United States. Do you think the importance of foreign exhibitions in China will diminish?

A.8 We don't see how it would affect the foreign exhibitions in China. Our country can only afford to send a small number of experts abroad, while the number of technical engineers and trade officials who are involved in import decisions is huge. Foreign product exhibitions in China are still in need.

CHAPTER VI

RESEARCH FINDINGS AND RECOMMENDATIONS

The analysis of survey data indicated that foreign sellers, both from overseas and from Hong Kong, and PRC government officials, did see participation in industrial exhibition as an important trade promotion tool. They were broadly positive towards attending exhibitions but they pointed out that there were a lot of restraining factors.

Overseas firms and Hong Kong firms faced similar problems in each of the selection, preparation, execution and evaluation stage of joining an exhibition. In certain areas, their views differed. Furthermore, some of their views were quite contradictory to that of the Chinese officials.

Marketing Objectives

According to Table 5, both Hong Kong firms and overseas firms had set marketing objectives before joining exhibitions. Most firms had the prime objective of developing new sales lead. Many overseas firms had the second objective of maintaining dealer relationship, whilst

Hong Kong firms had the second objective of introducing new products. This is contrary to the most common objective envisaged by overseas firms in joining western industrial exhibitions. In these exhibitions, introducing new products is usually the most important objective envisaged by exhibitors, as most visitors are familiar with the exhibitors' existing products and they are looking for something new.

As China's market is relatively undeveloped and closed to the foreign sellers, the foreign sellers would consider joining exhibition an effective means of reaching the end-users in China.

From Table 6, we found that a few respondents had the objective of collecting market information in PRC, which is not a common objective of joining exhibitions in western countries. Since PRC market is new to many western firms, it is not surprising that some western firms would concentrate in collecting market information to evaluate market potential for their products and to develop their strategy. In western countries, market information is readily available from various sources. In China, foreign sellers have very few channels for collecting market information, and seeking such information through the face-to-face contact with the PRC end-users during an exhibition is considered an effective way. It was noted that visitors only occasionally refused to disclose details

about their production or business units (refer to Table 12). Hence, we believe such approach should be effective in collecting market information.

One respondent reported that his visitor record was confiscated by PRC officials. The PRC officials probably objected to his collection of details of production and size of the factory. PRC officials considered that exhibition was a place for conducting sales but not for conducting marketing surveys. Although foreign sellers may collect market information in the exhibition, they should try to avoid conducting the survey openly; otherwise, the act might attract government interference.

Selection Stage

According to Tables 4 and 5, both overseas and Hong Kong firms expressed that most of the critical information required for selection were not readily available to the foreign sellers. The foreign sellers wish to have detailed information about the demand of their products in China, the target visitors, organizers' reputation and ability and all related costs. All this information was not readily available to the foreign sellers. Firstly, details of market information in PRC are not readily available and some foreign sellers have to attend exhibitions to gather it. Secondly, visitors are invited by the Chinese sponsors and the show organizers have little influence on such

invitations, and they know little about who might be coming. Thirdly, many respondents pointed out that many exhibition organizers had no past experience in holding exhibitions, and there were no means to evaluate them through their track record. If the organizer was not competent in his job, the foreign exhibitors would suffer losses as they had spent heavily for the exhibition but were unable to achieve their objectives. The problem was compounded by the fact that most of the exhibitions in PRC were first-time events, with no track record available. Many exhibitions held in western countries are well-established and being held regularly, therefore the exhibitors would know details of the potential visitors and what they could achieve in the exhibition.

The PRC officials expressed equal concerns with the quality of the shows in the interviews as reported in Chapter V.

To overcome these problems, the show organizers should push the Chinese sponsors to provide details of target visitors at an early stage to pass on to potential exhibitors. To ensure success of the show, the organizers should only organize exhibitions of products with heavy demand in PRC and general market information should be provided to the exhibitors at an early date. Since all foreign exhibitions have to be endorsed by CCPIT, it is recommended that CCPIT should keep an approved list of organizers in order that only qualified organizers can stage exhibitions in China. CCPIT should also keep

information about the performance of these organizers and expel some poor performers if necessary. The regulatory system should improve the quality of the organizers, hence that of the exhibitions.

Both subgroups of overseas and Hong Kong sellers considered that their existing contacts in PRC were an important source of information as indicated in Tables 3 and 5. Their contacts' recommendations were very influential in their selection of exhibitions. Overseas firms also relied on trade associations whilst Hong Kong firms relied more on the organizers, perhaps due to the immaturity of trade associations in Hong Kong. Therefore the organizers should encourage the Chinese sponsor to publicize the exhibition to the end-users well in advance. Overseas firms may seek information from the end-user units whom they have contact in order to determine if they should join the exhibition.

The PRC Government was not considered as an effective source of information. Since all exhibitions need to be approved by CCPIT, the latter should have sufficient general information of the exhibitions and the organizers. It is recommended that CCPIT should establish an information bureau to provide information about all up-coming events and detail information about the past performance of show organizers.

Some respondents reported that they were unable to obtain full lists of foreign exhibitions to be held and hence they were not sure if their selection was correct or not. The full list of foreign exhibitions to be held in PRC had been published by CCPIT in China Daily, an English Newspaper published in PRC. As the Chinese media has limited circulation in foreign business community, it is recommended that CCPIT should publicize the events by sending the lists to approved organizers, overseas trade associations and overseas media. The proposed CCPIT information bureau should also take an active role to publicize these information and its services.

Since all foreign sellers and Chinese officials prefer exhibitions for specialized industry, the organizers should concentrate on organizing such exhibitions. In Tables 4 and 5, it showed that the theme of exhibition and the product to be shown are important considerations of the exhibitors in deciding to join an exhibition.

Preparation Stage

From Table 7, it is obvious that both overseas and Hong Kong firms felt that hardware exhibits would attract visitors most. However, they had a lot of problems in

the selection of exhibits for the show and delivery of exhibits. Some respondents reported that they were worried that their products might be imitated by the Chinese manufacturers. As the patent law in PRC was immature, this would cause concern from the foreign sellers. This is a subject of possible further research. Many respondents were frustrated by the custom clearance procedures and off-loading facilities. Some respondents reported damage to the equipment due to lack of good off-loading facilities. The PRC officials should look into these problems. If industrial exhibitions need to be conducted in inland cities in PRC as suggested by CCPIT officials, these problems would become more acute.

In the interview, PRC officials expressed equal concerns that some of the items exhibited, either being too sophisticated or too simple, were not of interest to the PRC end-users. They thought that the organizer was probably reluctant to advise the foreign sellers in this case as they might lose the business. The foreign sellers should check the product demand and the technology level in PRC prior to selecting their exhibits.

The foreign sellers complained that they had to supply quotation and information on their products with a long lead time before the exhibition. The PRC government wanted these information well in advance. The foreign sellers should be aware that buying decision in PRC usually involve a number of people and is a lengthy process. The end-users

also had to apply for foreign exchange from PRC Government to purchase the product. If the foreign sellers could supply the necessary information in advance, this would increase their chance of selling the exhibit. In fact, many business negotiations in exhibitions failed due to the fact that the visitors had insufficient time to refer the buying decision to others and to arrange for the foreign exchange.

In selecting the staff to attend the exhibition, both subgroups considered that technical knowledge was important. The overseas firm also emphasized on the knowledge of PRC whilst Hong Kong firms emphasized more on Chinese speaking ability. Probably Hong Kong firms had the competitive advantage of having more mandarin-speaking staff available.

In preparing pamphlet/display, overseas firms had difficulties in translation whilst Hong Kong firms did not consider this an issue. This is probably because there are a lot of translation houses in Hong Kong.

Contrary to PRC officials' views, foreign sellers did not favor seminar in exhibitions. As Chinese end-users are interested in the structure and operation of the equipment, they like to hear more about technical details of the machine. However, foreign sellers were concerned with trade secret and were unwilling to disclose information publicly. In western exhibitions, few seminars are held concurrently.

Execution Stage

According to Table 11, the overseas firms are generally satisfied with the availability and standard of facilities. They were also content with the availability of staff and its standard of service. The Hong Kong firms showed dissatisfactions with sanitary service and standard of interpretation, legal advice/secretarial skill etc. The comment on the standard of interpretation agreed with that of the Japanese experience in technical exchange. It was commonly recognized that hotel and transportation means in PRC was insufficient. It appeared that the PRC government did mobilize a lot of resources in order to ensure that the exhibition might be conducted satisfactorily.

In Tables 4 and 5, the two subgroups generally recognised that the availability of good facilities in exhibition venue was one of the important factors in deciding if they should join an exhibition. Nevertheless, with the increasing demand for exhibitions in PRC, the lack of facilities would restrain further development of exhibitions, especially those to be held in inland cities as urged by PRC officials. Improvement of support services such as telecommunication, off-loading facilities and training of interpreters would be beneficial to the holding of exhibitions. Improvement of hotel services and transportation would also be beneficial.

According to Table 5, the foreign sellers were most concerned with the quality of the visitors. It was common that exhibitions in PRC were over-crowded and it was difficult to assess the percentage of qualified visitors. The overseas firms showed no strong dissatisfaction about the quality of the visitors in exhibition they had attended. In contrast, the Hong Kong firms rated the quality of the visitors as unsatisfactory. Most of the visitors were considered as non-industrial-related or onlookers. It was noted that the Hong Kong firms were more sales-orientated in the exhibition and they had less cultural barrier compared with the overseas firms. In Tables 12 and 13, the respondents considered most PRC end-users were price-conscious and were very concerned with the structure of the equipment rather than its performance. This characteristic is in contrast to that of an western industrial buyer as described by E. J. McCarthy (refer to page 10 of this report). In order to establish whether most of the PRC visitors are industrial buyers, an in-depth profile survey of the visitors and their buying behavior is recommended.

Both overseas firms and Hong Kong firms were concerned with the difficulties in knowing the visitors' authority in buying decision. They found that many business negotiations failed because the buying decision had to come from others. The integration of vertical and horizontal communication process and decentralization of buying decision in PRC organizations is urgently required in order to overcome such problems as reflected in Table 22. The

foreign sellers also reported that many negotiations failed due to lack of time to complete the required documentation during the exhibition period.

Distribution of entry tickets was controlled by the Chinese sponsor. The tickets were sent to the end-user units and subsequently redistributed. Therefore neither the organizer nor the sponsor could control the quality of the visitors to a great extent. In foreign exhibitions, the visitors may be asked to pay a certain entrance fee in order to limit the show to interested buyers only. The same method may be adopted in China. Alternatively, the Chinese sponsor can allow only visitors with suitable job title or reference to visit the exhibition. However, in PRC the decision making is usually a group process. It is difficult to identify those who have nothing to do with the import decision. An in-depth survey should be required to test if restriction of entry is preferred by the foreign sellers and what strategy might be adopted.

In the exhibition, the exhibitors often found clusters of organizers' representatives but without identifiable scope of responsibilities to entertain exhibitors' requests. Hence, the organizer should make known their organization structure to all exhibitors. The foreign exhibitors had met many problems of custom clearance with the PRC Government.

Evaluation Stage

According to Table 21, the overseas and Hong Kong firms were generally satisfied with the results in joining industrial exhibitions in PRC, especially with regard to product exposure, image promotion and developing sales lead.

Hong Kong firms showed a certain degree of dissatisfaction. They did not consider the objective of increasing sales accomplished. Bearing in mind that Hong Kong firms were sales-orientated, the reply was not surprising.

As reflected in various sections, Hong Kong firms were concerned with the poor quality of the visitors and other poor performance of the organizers. Various alternatives of avoiding such problems have been discussed earlier and are not repeated here.

In Table 18, we found that overrun of exhibition budget happened frequently. The most common items of cost overrun for joining exhibitions appear to be staff expense and shipping as given in Table 19. Entertainment expenses should be allowed for when the foreign sellers prepare the budget. As shown in the Japanese experience and this survey, having a close relationship with the Chinese buyers have many benefits, so this expense may be regarded as a good investment.

According to Table 23, industrial exhibition is considered the most effective marketing tool other than direct sales call. However, direct sales call has a lot of constraints in PRC, so this method may not be widely adopted at this time. Most firms joined the exhibitions to develop sales lead and follow-up contact. Therefore joining exhibition is still an effective tool which is widely used.

According to Tables 14 and 23, most foreign sellers considered that their staff learned a lot through exhibitions about PRC trading practices and mentality, market demand and technology level. A substantial amount of market information may be collected. PRC law is a special area where the foreign sellers need to spend additional effort to learn about.

Both foreign sellers and China officials considered industrial exhibition an effective tool for marketing and for technical exchange. Their views are positive on the future development of exhibitions in China. PRC Officials have also considered taking a more active role in organizing exhibitions. They would go into joint venture or stage exhibitions on their own. Currently, the number of exhibitions in China is increasing rapidly. The competition among organizers will be more severe, especially when facilities and resources for holding exhibitions are limited.

A number of restraining factors and negative trends are also identified as listed in Appendix 14 and 15. The foreign sellers considered the rising cost, the patent law and the quality of visitors as serious constraints. These factors have been discussed in previous sections.

CHAPTER VII

CONCLUDING REMARKS

Summary of Recommendations

In general, the study indicated that both foreign sellers and PRC officials considered joining specialized exhibitions an effective marketing tool in PRC. A number of restraining factors were identified. The foreign sellers were concerned with the lack of information of visitors and product demand. They also lacked a complete list of exhibition and background information of the new organizers whilst they had to select amongst a number of similar exhibitions. Some overseas firms joined the exhibitions to gather market information. The foreign sellers relied much on the existing PRC contacts to supply market information. In the preparation stage, the foreign sellers had a lot of problems in transporting the exhibits and getting custom clearance. They need to send catalogues and price lists to the Chinese sponsors for distribution in advance.

The Hong Kong firms are more sales-orientated in the exhibition. They showed a certain degree of dissatisfaction with the quality of visitors and the organizers. Many business negotiations failed due to lack of authority to make buying decisions. It was pointed out that the standard of interpretation and telecommunication system need improvement.

Although joining exhibition is an effective marketing tool, the rising cost causes concerns. Foreign sellers also consider that direct sales call is more effective than joining exhibitions in developing sales.

To ensure success of the exhibition, the organizer should establish a theme for the exhibition carefully such that the product exhibited would meet the potential needs of PRC. He should provide some market profile to exhibitors to attract participation. Early publicity amongst the Chinese end-users would help to attract participation as foreign sellers like to seek for existing contacts' recommendations. In the exhibition, the organizer need to have a good organization of staff to deal with the pressing demand by the exhibitors.

The PRC officials also have positive views on future development of exhibitions. They intended to take a more active role in organizing exhibitions. Although CCPIT head office does not intend to centralise organising exhibitions, it is recommended that they should establish an information bureau to publicize list of up-coming exhibitions and an approved list of organizers, so that the foreign sellers would be protected. An active regulatory role taken by CCPIT is recommended.

Constraints of Study

Several constraints should be borne in mind when interpreting the findings.

The first one is the limitation inherent in a small sample although the study is exploratory in nature.

There was no previous similar study that might be used as a yardstick for comparison. The findings could only reflect the problems existing at this moment. It is not possible to judge if improvements have been made or not.

The samples composed mainly of Hong Kong firms and European firms. No Japanese firms were included in the sample. As cultural factor and communication problems may influence the survey results, it is suggested that further surveys should include Japanese firms which may have different views.

Lastly, the structured questionnaire was prepared on experience in joining exhibitions in western countries. The situation in PRC may be different. Consequently, the researchers could have missed some of the important issues.

Implication for Future Studies

From this exploratory study, several problems were identified and further surveys may be necessary.

1. The Hong Kong firms are not satisfied with the quality of the visitors. In order to identify if the visitors are qualified buyers, a detail profile of visitors may be useful. Knowing the characteristics of the industrial buyers in PRC would be useful for business contacts in China.
2. Foreign sellers did not consider seminar an important factor in promoting sales. However, Chinese officials would prefer to have seminars. It would be helpful to have an in-depth survey to identify the difference.
3. Several measures have been proposed to restrict entry into the exhibitions. An in-depth survey may be conducted to identify if such measures will improve the quality of visitors.
4. Some firms expressed concerns over the lack of patent law in PRC and hence unwilling to sell their products. The case may be investigated in more detail.

--- END ---

END

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Appendix 1Commodity Composition of China's Imports, 1981-1982

	Rmb 100 million	
	1982	1981
<u>Total</u>	357.69	367.73
<u>Primary goods</u>	141.53	134.17
Food and edible live animals	77.88	60.48
Beverage and tobacco	2.41	3.55
Non-edible raw materials	55.85	67.10
Mineral fuels, lubricants and other related raw materials	3.40	1.38
Oils, fats and waxes of animals and vegetables	1.90	1.66
<u>Manufactured goods</u>	216.16	233.56
Chemicals and related products	54.44	43.72
Manufactured goods classified by raw materials	72.41	67.41
Machinery and transportation equipment	59.40	97.98
Miscellaneous manufactures	9.02	9.31
Other goods	20.90	15.14

Appendix 2FOREIGN EXHIBITIONS IN CHINA 1982-19841982

Month	Location	Name of Exhibition	Sponsor or Organizer
Feb	Beijing	US National Light Industry Exh.	US Dept (US05)
Feb	Guangzhou	New South Wales Exh.	New South Wales Govt (AU01)
March	Beijing	SPE Int'l Petroleum Exh. Engineers	Society of Petroleum (US04)
March	Tianjin	Chinaplast '82 Plastic and Rubber Machinery	Overseas Exh. (GB02)
April	Tianjin	Chinabuild '82 Construction and Mining	Clapp (US02)
April	Beijing	Electronics Prod. Semiconductors Exposition & Conf.	Cahners (HK12)
June	Tianjin	Education Equipment and Scientific Instruments	SEK (HK11)
June	Guangzhou	Educmat '82 Education Equipment	Edit Expo (FR01)
July	Guangzhou	Food Processing & Packaging Expo/China '82	Cahners (HK12)

1982 (continued)

Oct	Shanghai	Textile Machinery	DDR (DD01)
Oct	Nanjing	Plastic Machinery	Association for the Promotion (JP01)
Nov	Beijing	China Comm '82 Telecommunication	Clapp (US02)
Nov	Shanghai	Medical Equipment	Hungary (HU01)
Nov	Beijing	Food Processing	Association for the Promotion (JP01)
Nov	Beijing	Manufacturing and Processing	ICE (GB04)
Dec	Beijing	Light Industry Machinery	Association for the Promotion (JP01)
Dec	Beijing	Turkey Product Exh.	Turkey (TU01)

1983

Month	Location	Name of Exhibition	Sponsor or Organizer
March	Beijing	U.S. Machine Tool Exh.	National Machine (US03)
March	Beijing	Japanese Medical Apparatus Exh.	Association for the Promotion (JP01)
April	Shanghai	MICONEX Instrumentation Exh.	SEK (HK11)
May	Shenyang	Japanese Plastic & Rubber Industry Exh.	Association of Plastic Processing (JP02)
May	Beijing	Chinaplas '83 Plastic and Rubber Machinery	Adsale + Look Ease (HK01 + HK17)
July	Beijing	Multi-Nation Food Processing Machinery Exh.	CCPIT (CH01)
July	Shanghai	NATSEDES - Shanghai Nava Technology and Shipboard Electronic Defence Equip. Show	Commedia (HK06)
August	Shenyang	Japanese Industrial Automation Technology Exh.	Association of Int'l Trade (JP01)
Sept	Tianjin	ChinaOil '83 Petroleum Exploration Equipment	Adsale + Look Ease (HK01 + HK17)

1983 (continued)

Oct	Tianjin	German Precision Optical Instruments Exh.	DDR (DD01)
Oct	Shanghai	Maintec '83 Marine Equipment	Intec (GB03)
Oct	Beijing	French Nuclear Energy Exh.	Comite (FR02)
Nov	Shanghai	HEATEX '83 Heat Treatment Technique & Equipment Exh.	SHK (HK11)
Nov	Beijing	Hotel & Restaurants Supplies Exh.	HK Exposition (HK02)
Nov	Beijing	Multi-Nation Packaging Machinery Exh.	CCPIT (CH01)
Nov	Guangzhou	Offshore Oil Exh.	Wah Chang (HK10)
Dec	Tianjin	Petrochemical Technology	China Promotion (HK09)
Dec	Beijing	Manufacturing and Processing	ICE + China Trade (GB04) + (US)

1984

Month	Location	Name of Exhibition	Sponsor or Organizer
March	Beijing	Medical Equipment & Instruments Exh.	CCPIT H.O. (CH01)
March	Guangzhou	Hotel & Building Expo '84	Eduotec Int'l (HK15)
March	Fuzhou	Fujian '84 Int'l Exh. on Technology and Equipment	Adsale (HK01)
April	Beijing	Int'l Exh. of Printing & Office Machinery	Kaliford (HK03)
April	Beijing	Electronics Production/Semi-Conductors Exposition	Cahners (HK12)
May	Beijing	AUTOTECH '84 Foreign Automobile Testing Technology Exchange Exh.	Sherbeck Int'l Ltd. (HK18)
May	Beijing	Nuclear Technology Exh.	American (US01)

1984 (continued)

May	Shanghai	Interbuild '84 Construction Equipm. and Building Material	SHK (HK11)
June	Shanghai	ChinaTex '84 Int'l Exh. of Textile & Garment Manufacturing Ind.	Adsale + Look Ease (HK01 + HK17)
June	Guangzhou	MEDISCIEN '84 Int'l & H.K. Medical Scientific Equipment Exhibition	Kaliford (HK03)
June	Guangzhou	Total Energy Exh. & Conference	ICE (GB04)
August	Beijing	Beijing Int'l Geological Machinery & Instruments Exh.	CCPIT (CH01)
August	Guangzhou	Fishery & Processing Equipment Exh.	China Marine (HK18)
Sept	Hangzhou	Weidexpo '84 Exh. of Welding Equipment & Techn.	China Int'l Convention (HK16)
Sept	Shanghai	ChinaPlas '84 Int'l Exh. of Rubber & Plastic Ind.	Adsale + Look Ease (HK01 + HK17)
Sept	Fuzhou	PROCESS PACK '84 Int'l Processing & Packaging Machinery & Materials & Techn.	SHK (HK11)

1984 (continued)

10

Sept	Tianjin	Water & Electric Power/China '84	China Promotion (HK09)
Sept	Shanghai	Environment Control, Measuring & Testing Equipment	SEK (HK11)
Sept	Beijing	SEDECON '84 Public Security Criminal Detection, Traffic Control and Fire Protection	SEK (HK11)
Sept	Shanghai	CHINATECH '84 Int'l Machine Tool Exh.	Society of Manu- facturing Engineers, (US07)
Sept	Guangzhou	Textile Machinery Exhibition	Shanghai Tech. (HK05)
Oct	Shanghai	ADVANTECH '84 Advance Electronic Technology	SEK (HK11)
Oct	Shanghai	EMETEX '84 Int'l Environment Control, Measuring & Test. Equipment Exh.	SEK (HK11)
Nov	Beijing	ChinaComm '84 Telecommunication	Clapp (US02)
Nov	Tianjin	ChinaChem '84 Int'l Exh. of Chemical Ind.	Adsale + Look Ease (HK01 + HK17)

1984 (continued)

Nov	Shanghai	Int'l Petroleum Equipment & Technology Exh.	AMAEE (US06)
Nov	Beijing	INTER HOTEL '84 Int'l Tourism, Hotel Facilities & Construction Materials Exh.	SHK (HK11)
Nov	Beijing	Railway & Subway Expo/China '84	China Promotion (HK09)
Nov	Beijing	Leather Industry	CCPIT (CH01)
Nov	Guangzhou	Medical Instrument & Health Protection Equipments Exh.	Guangdong Exh. (CH02)
Dec	Beijing	Aviation Expo/ China '84	China Promotion (HK09)

Appendix 3**LIST OF ORGANIZERS
OF EXHIBITIONS OF FOREIGN PRODUCTS IN CHINA**Code No:

- HK01 The Adsale People
 20/F, Tung Sun Commercial Centre
 200, Lockhart Road
 Tel: 5-8920511
 Tlx: 63109 ADSAP
- HK02 Hong Kong Exposition Co., Ltd
 28, Connaught Road West
 Room 607, Wayson Commercial Bldg.
 Hong Kong
 Tel: 5-479203, 5-479274
 Tlx: 75388 EXPO HX
- HK03 Kaliford Trade Exhibitions Ltd.
 Flat D, 3/F, Fui Nam Bldg.
 48-51 Connaught Road W.
 Hong Kong
 Tel: 5-478306, 5-478389
 Tlx: 75751 Kalif HX
- HK04 Canal Promotion Centre
 2/F, Wah Ming House
 33 Pottinger St.
 Central
 Hong Kong
 Tel: 5-260807, 5-262439
 Tlx: 74269 CANAL HX
- HK05 Shanghai Technology Development Co., Ltd
 1102 Oriental Centre
 67-71 Chatham Road
 Tsimshatsui
 Kowloon
 Hong Kong
 Tlx: 75166 DATEX HX

- HK06 Commedia Associates Ltd/Conmilit Press
114, Thomson Road 7/F
Wanchai
Hong Kong
Tlx: 62489 CANID HX
- HK07 Business and Industrial Trade Fair Ltd.
4A, World Wide Commercial Bldg.
34 Wydnham St.
Hong Kong
Tel: 5-260137
- HK08 Hong Kong Trade Development Council
3/F, Connaught Centre
Hong Kong
Tel: H-267922
- HK09 China Promotion Ltd.
Room 2503, International Bldg.
141, Des Voeux Rd. C,
Hong Kong
Tel: 5-412268
Tlx: 76270 CHOCH HX
- HK10 Wah Chang International Marine Industry Co., Ltd.
Exhibition Division
Room 1403, Loong San Bldg., 14/F
140-142, Connaught Road C.
Hong Kong
Tel: 5-421488, 5-434366
Tlx: HX 73996 WAHCH
- HK11 S H K International Services Ltd.
3/F, Admiralty Centre, Tower II
Hong Kong
Tel: 5-8225505
Tlx: 74782 SHKSC HX
- HK12 Cahners Exposition
1504, Bank of America Tower
Harcourt Road
Hong Kong
Tel: 5-213578
Tlx: 62270 CEG HX
- HK13 AVP Expositions Co., Ltd.
Suite 13, 13/F, Block A
Wahkai Industrial Centre
221 Texaco Road
Tuen Wan
Tel: 0-239003
Tlx: 40725 AVPEX HX

- HK14 Best Engineering Co., Ltd.
C.P.O.Box 3009
Kowloon
Tel: 3-665818
Tlx: 37846 BESTN HX
- HK15 Edutec International Ltd.
18/F Gee Chang Hong Centre
65 Wong Chuk Hang Road
Hong Kong
Tel: 5-520253
Tlx: 66294 EDUTE HX
- HK16 China International Convention Service Ltd.
Room 821 Peninsula Centre
67 Mody Road
T.S.T.
Kowloon
Tel: 3-7217898
Tlx: 40255
- HK17 Look Ease Enterprises Ltd.
Suite 306, Dominion Centre
43-59 Queen's Road, East
Hong Kong
Tel: 5-270759, 5-270773
Tlx: 61011 PKTC HX
- HK18 Sherbeck International Ltd.
57, Wyndham Street, 1/F., Central
Hong Kong
Tel: 5-253271, 5-248779
Tlx: 72500
- GB01 Industrial and Trade Fairs Ltd.
Radcliff House
Blenheim Court
Solihull
West Midlands B91 2BG
England
Tlx: 337073
Tel: (021) 7056707
- GB02 Overseas Exhibition Services
11 Manchester Square
London W1M 5AB
England
Tel: 01/486 1951
Tlx: 24591 MONTEXG

- GB03 Intec Press Ltd.
54, Station Road East
Oxted, Surrey,
England
Tel: (8833) 6155
Tlx: 95444 INTEC G
- GB04 ICE Conferences and Exhibitions Ltd.
113 Warwick Avenue
London W.9
United Kingdom
Tel: (01) 2896297, (01) 2896298
Tlx: 896217
- US01 American Nuclear Society
555 N. Kensington Avenue
La Grange Park
IL60525
USA
Tel: 1/800/323-3044
- US02 Clapp & Poliak International
7315 Wisconsin Avenue
Washington, DC20014
USA
Tel: (301) 657390
Tlx: 908727 CPl BHDA
- US03 National Machine Tool Builders' Association
7901 Westpack Drive
McLean, VA22102
USA
Tel: (703) 8932900
Tlx: 7108310031
- US04 Society of Petroleum Engineers
6200 North Central Expressway
Dallas, Texas 75206
USA
Tel: (214) 316-6601
Tlx: 730989
- US05 U. S. Department of Commerce
International Trade Administration
East-West Trade
Washington D.C. 20230
USA

- US06 AMAEE Holdings Corp.
501, Fifth Avenue
New York, N.Y. 10017
U.S.A.
Tel: (212) 8671150
Tlx: 238626 AMAEE
- CH01 China Council for the Promotion
of International Trade
FU XING MEN WAI Street
Beijing
China
Tel: 867947
Tlx: 22315 CCPIT CN
- CH02 Guangdong Exhibition Service Corp.
2 Qiao Guang Road, Guangzhou
China
Tel: 83022 Ext. 284
Tlx: 44088 GDFTC CN
- FR01 Edit Expo International
4, Rue De Cheroy
75017 Paris
France
Tel: (1) 2940560
Tlx: 641284 F EDIXPO
- FR02 Le Centre Francais Du Commerce Extérieur (CFCE)
Le Comité Francais Des Manifestations Economiques
A L' Etranger (C.F.M.E.)
10, avenue d' ena - 75783 Paris
Cedex-16
France
Tel: (1) 5053000
- AU01 New South Wales Government Overseas
Trade Authority
CAGA Centre
8-18 Bent Street
Sydney, N. S. W. 2000
Australia
Tel: 2404292
Tlx: AA21269
- JP01 The Association for the Promotion
of International Trade
Nippon Bldg.
No.6-2, 2-chome, Ohtemachi
Chiyoda-ku
Tokyo
Japan
Tel: 03-2703631

APPENDIX 4a

EXTRACT OF THE ARTICLE ENTITLED
"HOW TO HOLD ECONOMIC AND TRADE EXHIBITIONS IN CHINA"
WHICH APPEARED IN THE "CHINA FOREIGN TRADE"

Planning

Foreign exhibitions to China are in the main arranged and received by the China Council for the Promotion of International Trade (CCPIT). If approval is given for a foreign exhibition to be held in Beijing, all the necessary work will be undertaken by the CCPIT or the Beijing Sub-Council of CCPIT. If it is to be held in another city, the local sub-council of CCPIT will deal with liaison and organizational work.

Countries wishing to hold exhibition in China, should forward plans to the CCPIT giving details of date, place, size and exhibits.

Date of exhibition

China is somewhat short of hotel space, so large foreign exhibitions are generally arranged in the tourist off seasons of winter and spring. Medium and small exhibitions can be arranged at any time of the year.

Exhibition locations

Exhibitions in China so far have been held in

Beijing, Shanghai, Tianjin, Guangzhou, Wuhan, Shenyang and Dalian. With a view to meeting the needs of China's economic development and expanding economic and trade contacts between China and other countries, China intends to open more cities for exhibitions from abroad.

Exhibits

Exhibitions provide an opportunity for promoting technical exchange and boosting development of economy and trade. In order to make an exhibition a success, it is well to consider displays which meet the needs of China's economic readjustment. The list of exhibits proposed by the exhibitors will be passed on by CCPIT to the relevant Chinese departments for comment, before final decisions are made through discussions by both sides.

Size of exhibition

Medium-sized and small specialized exhibitions are preferable to large ones. Past experience has shown that exhibitions displaying special equipment and sophisticated technology have yielded good results.

Preparatory Work

When the CCPIT receives the plans for the exhibition from the exhibiting country, it will consult with the departments concerned about the date, place, size and exhibits. If the plans are approved, the CCPIT will

officially inform the exhibitors to go ahead with preparatory work.

The exhibitors, after being informed, may send their personnel to Beijing or entrust their Embassy in China to discuss with CCPIT the preparatory work for the exhibition and confirm decisions on talks to fix the name, date, size, number of people in the exhibition delegation, visitors, technical seminars and other matters.

During the preliminary visit, the CCPIT may introduce personnel to the relevant departments to sign contracts or entrust them to do preparatory work. For example, in Beijing, departments would include the Administrative Office of the Beijing Exhibition Centre, the Beijing Branch of the China National Foreign Trade Transportation Corporation, the Beijing Exhibition Service Corporation and the Beijing Art Factory.

The Administrative Office of the Beijing Exhibition Centre is mainly in charge of site leasing. In Beijing the major site of exhibitions is the Beijing Exhibition Centre which has 14,700 square metres of indoor floor space and 7,600 square metres of outside space. The maximum load capacity of the main indoor floor space is 10 tons per square metre, and the maximum load for other indoor floor space is 400 kg per square metre. Water and electricity supply is adequate. Good-sized entrances and exits make the location suitable for all kinds of economic and trade exhibitions.

The Beijing Branch of the China National Foreign

Trade Transportation Corporation is responsible for transportation within China of all exhibits and articles relating to the exhibition, excluding personal articles. Transportation includes transit from ports, entry stations, airports, post offices to the exhibition site, and vice versa. The corporation also takes care of international transportation to return exhibits to the exhibitors' country. If requested by the exhibitors, it handles customs declarations and quarantine inspection reports of animals and plants in accordance with the Rules Governing the Supervision and Control of the importation of Goods for Exhibitions by the Customs of the People's Republic of China. The corporation engages workers and leases equipment for moving exhibits in or out of the exhibition hall.

The Beijing Exhibition Service Centre was specially set up to serve foreign exhibitions in China. It offers interpreters, exhibit guides and other personnel, helps purchase goods and materials, rent furniture, translate and print pamphlets and other publications, exhibition tickets and invitation cards. It arranges accommodations and tourist services for the members of the exhibition.

The Beijing Art Factory undertakes design and manufacture of stands, arranges exhibitions, and provides carpenters, electricians, artists, sign painters, paperhangers and other workers.

During the exhibition, these departments all have resident staff members at the exhibition office.

There are similar organizations to render services to exhibitions held in other Chinese cities.

Visitors to Exhibitions and Technical Exchange Activities

The aim of exhibitions is to introduce products and technology to Chinese technical personnel. They make up majority of the visitors to these exhibitions. The number of visitors and visiting hours are settled by the exhibitors in consultation with the host department. They latter undertakes printing exhibition tickets, sends out invitations and does other organizational work.

Technical symposia may be given during the course of the exhibition. The exhibitors may send specialists and experts to discuss technology with their Chinese counterparts. The topics for discussion may be proposed by the exhibitors and selected by the Chinese side, and finalized after discussion. The exhibitors are invited films and slides in advance so that the right audience may be invited to attend the symposia.

All sample books and other information materials should be transmitted through the CCPIT for inspection and approval. The host unit may be authorized to distribute most or part of the materials to technical personnel and trade personnel who ask for them.

Organizing Business Negotiations

The Exhibitors and the Chinese side are both interested in trade activities. Business negotiations not only cover the sale and purchase of the exhibits, but also serve as the basis for promoting future trade relations.

CCPIT and its sub-branches as host units have no obligation to purchase exhibits, but may recommend them to endusers and trade corporations. In order to help do a good job of this, the exhibit lists, sample books and other information materials should be submitted in advance to the Chinese side. If the Chinese endusers are interested in some exhibits, they may entrust the Chinese trade corporations to negotiate and carry out transactions with firms of the exhibiting countries. Past experience has shown that exhibits of advanced technology at competitive prices which meet China's needs have the best chance of being sold.

If exhibitors want to talk business with China's import corporations and industrial and technical departments about processing materials, processing according to samples and designs, compensatory trade, coproduction and joint ventures, they may request before hand that the host units make the arrangements. In recent years these trade activities at exhibitions have increased and shown good results.

Appendix 4 b

中华人民共和国海关 对进口展览品监管办法

中华人民共和国海关总署印

一九八〇年五月

中华人民共和国海关 对进口展览品监管办法

1975年11月3日对外贸易部发布实施

第一章 总 则

第一条 为了保证国家对外贸易统制政策的有效实施，便利外国来华举办展览会，特制订本办法。

第二条 本办法所称的进口展览品，包括外国为了来华举办经济、文化、科技等展览会而运进我国的展览品以及与展览会有关的宣传品、布置品、招待品、小卖品和其他一切物品。

第三条 接待外国来华举办展览会的单位，应当将有关的批准文件，事先抄送展出地海关。

第四条 进口展览品应当受海关监管，并按照本办法的规定，办理海关手续。

第五条 海关派员至展览场所执行监管职务的时候，展出单位或者接待单位应当提供办公处所和必需的办公设备。

第二章 展览品的申报、查验

第六条 展览品进口前，展出单位或者它的代理人应当将列有品名、件数、重量、名称、规格、数量、价格等内容的展览品清单

一式两份，译成中文，向展出地海关申报。

第七条 展览品进口的时候，展出单位或者它的代理人应当向入境地海关递交外国货物转运准单和提单（或运单）以及续运装载清单，经海关核查后，按“海关监管货物”转运到展览场所。

展览品因故需要移出展览场所的时候，应当报经海关核准。

第八条 展出单位应当在展览品开馆前通知海关，以备海关到场查验。

海关查验展览品的时候，展出单位或者它的代理人应当在场。

第九条 展出或者使用的宣传品和技术资料包括电影片、幻灯片、录音带、录相带、唱片、照片、地图、说明书、广告等，展出单位应当事先送交展出地海关审查同意后，始得展出或者使用。

对中华人民共和国政治、经济、文化、道德有害的宣传品和技术资料，不得展出或者使用，并由海关根据情况予以没收、退运出口或者责令展出单位更改后使用。

第十条 展览品中如果有根据中华人民共和国有关法令规定应受管制的物品，展出单位或者它的代理人应当按照有关管制规定办理检验或者批准手续。

第三章 展览品的使用、赠送、出售和放弃

第十一条 展出单位运进为展览会招待用的烟、酒、食品等，经海关审查同意后可免税使用，但不得转让、出售或移作他用。

第十二条 展出单位赠送给观众和工作人员的零星纪念品或者表演品，需经海关审查同意后，始得赠送。

第十三条 供作礼品或者样品赠送的展览品，展出单位应当向

海关报明赠送对象，由海关按照进口礼品的管理规定，办理免税或者征税手续。

第十四条 展览会出售的小卖品，展出单位应当向海关交验中华人民共和国对外贸易管理机关签发的许可证件并交纳关税和工商统一税。

第十五条 展出单位出售的展览品应当按照下列原则处理：

1. 出售给我国外贸进出口公司的，由我国有关公司向海关办理进口手续；

2. 出售（或者赠送）给其本国驻华使领馆或外交官的，由该使领馆或外交官向海关办理进口手续；

3. 出售给其他中、外单位或个人的，由展出单位向中华人民共和国对外贸易管理机关请领许可证，海关凭证查验、征税放行。

第十六条 放弃的展览品，展出单位应当向海关报明品种、数量和价值。有接收单位的，应当由接收单位办理海关手续；没有接收单位的，由海关按照规定处理。

第十七条 展览会闭幕时，展出单位应当及时向展出地海关递交展览品处理清单一份，分别列明消费、赠送、出售、放弃、复运出口等情况。

第四章 展览品的转移和复运出口

第十八条 展出单位如果要将展览品转移到我国其他地方继续展出时，应当按照本办法第二十条的规定向海关办理转运手续。

第十九条 对复运出口的展览品，应当在展览会闭幕之日起三个月内复运出口。因故不能按期运出时，可以向海关申请延期。对

逾期不复运出口的，由海关按章处理。

对按期复运出口的展览品，免征关税。

第二十条 展览品转移或者复运出口时，展出单位或者它的代理人应当向海关递交外国货物转运准单和装载清单一式两份，按“海关监管货物”办理转运手续。

(Translation)

Rules Governing The Supervision And Control Of The Importation Of Goods For Exhibition By The Customs Of The People's Republic Of China

(Promulgated by the Ministry of Foreign Trade on
November 3, 1975, and taking effect on the same date)

Chapter 1 General

Article 1 These Rules have been made for the purpose of ensuring the effective implementation of our national Policy of Control of Foreign Trade and facilitating the holding of exhibitions in China by foreign countries.

Article 2 The term "goods for exhibition" in these Rules includes exhibits, advertising materials, construction and decoration materials, supplies for reception and articles of small value for sale, etc. imported for use at or in connection with exhibitions of economic, cultural, scientific and technological nature to be held in China by foreign countries.

Article 3 Organization responsible for the reception of in-coming foreign exhibition shall present beforehand copies of the relative authorising documents to the Customs at the place of exhibition.

Article 4 The importation of goods for exhibition shall be subject to customs supervision and control, and shall comply with the customs formalities in accordance with the provisions of these Rules.

Article 5 Whenever customs officers to be stationed at the place of exhibition for carrying out functions of supervision and control, the exhibitor or organization responsible for the reception of the exhibition shall provide necessary office accommodation and equipment to the Customs.

Chapter 2 Declaration and Inspection of Goods for Exhibition

Article 6 The exhibitor or his agent shall, before the importation of goods

for exhibition, apply to the Customs at the place of exhibition by presenting in duplicate a List of Exhibition Goods, duly translated into Chinese, giving the marks and numbers, number of packages, weight, description, specification, quantity and value of the exhibition goods.

Article 7 ~~the~~ At the time of importation of the goods for exhibition, the exhibitor or his agent shall present to the Customs at the port of entry a Transshipment Permit for Foreign Goods, together with relevant bills of lading (or air waybills) and List of Loading, and the goods in question shall be treated as "Cargo Under Customs Supervision And Control" for further conveyance to the place of exhibition after duly verified by the Customs.

The removal of the goods for exhibition, if necessary, from the place of exhibition, shall be notified to the Customs for their approval.

Article 8 ~~The~~ The exhibitor shall notify the Customs for examination of the goods for exhibition prior to the opening of the case.

The exhibitor or his agent shall be present at the time of customs examination.

Article 9 ~~Advertis~~ Advertising materials and technical information materials including films, lantern slides, recording-tapes, video-tapes, gramophone records, photos, maps, illustrations, directions and other publicity materials, shall be allowed to display or use at the exhibition only after the exhibitor has presented beforehand the above mentioned materials to the Customs for inspection and approval.

No advertising materials and technical information materials concerning any matter detrimental to the politics, economics, culture and morals of the People's Republic of China, shall be admitted to display or use at the exhibition, and all such materials shall be confiscated or reshipped abroad, or allowed to be used only after alteration has been made by the exhibitor in accordance with customs instructions, as the case may be.

Article 10 ~~If~~ If any goods for exhibition are, in accordance with the relevant Laws and regulations of the People's Republic of China, liable to control, the exhibitor or his agent shall comply with the formalities for inspection and approval according to the respective controlling procedure or regulation.

Chapter 3 Use, Distribution, Sale and Abandonment of Goods for Exhibition

Article 21 Cigarettes, wines, provisions and other similar supplies imported by the exhibitor for use in a reception of the exhibition, shall be admitted free of duty after examination and approval by the Customs, but such articles shall not be allowed to be transferred or for sale or used for any other purpose.

Article 22 Sundry souvenirs and products of demonstrations held in the exhibition shall be allowed to be distributed free of charge to the visitors and the exhibition staff by the exhibitor only after examination and approval by the Customs.

Article 23 When the goods for exhibition are used as gifts or samples for free distribution, the exhibitor shall report the names of the recipients to the Customs, and the goods in question shall be levied or exempted from the payment of import duties by the Customs in accordance with the Regulations governing the importation of gifts and samples.

Article 24 For articles of small value to be sold at the exhibition, the exhibitor shall present the import licences issued by the Foreign Trade Control Organs of the People's Republic of China to the Customs, and shall pay customs duty and industrial and commercial consolidated tax on the same.

Article 25 Exhibits to be sold by the exhibitor shall be dealt with according to the following principles:

(1) in the case of the exhibits sold to China National Import And Export Corporations, the latter shall apply to the Customs for the completion of import formalities;

(2) in the case of the exhibits sold or distributed to his own embassy, legation, consulate or other diplomatic official stationed in China, the diplomatic mission or officials concerned shall apply to the Customs for the completion of import formalities;

(3) in the case of the exhibits sold to other Chinese or foreign organizations or individuals, the exhibitor shall apply to the Foreign Trade Control Organs of the People's Republic of China for import licence, on which the Customs shall release the goods in question after examination and payment of duties.

Article 16. In case the goods for exhibition are to be abandoned, the exhibitor shall declare to the Customs the description, quantity and value of such goods. The receiver, if any, of the abandoned goods shall complete the customs formalities; otherwise the goods shall be dealt with by the Customs according to the relative provisions.

Article 17. When the exhibition is closed, the exhibitor shall present to the Customs at the place of exhibition a copy of List of The Disposal of The Goods for Exhibition, showing separately the conditions of consumption, distribution, sale, abandonment and re-exportation of the goods without delay.

Chapter 4 Removal and Re-exportation of Goods for Exhibition

Article 18. In case the goods for exhibition are to be removed to another place in China for subsequent exhibition, the exhibitor shall apply to the Customs for completion of transshipment formalities according to Article 20 of these Rules.

Article 19. Re-exportation of the goods for exhibition shall be made within 3 months from the date of closing of the exhibition. If owing to special reasons, the re-exportation cannot be undertaken within the prescribed time limit, the exhibitor may apply to the Customs for extension. If the re-exportation is still not made within the specified time limit, the goods in question shall be dealt with by the Customs according to relevant regulations.

Goods for exhibition re-exported abroad within the stipulated time limit shall be exempted from import duties.

Article 20. When goods for exhibition are applied for removal or for re-exportation, the exhibitor or his agent shall present to the Customs a Transshipment Permit for Foreign Goods together with List of Loading of Exhibition Goods in duplicate, and the goods in question shall be treated as "Cargo Under Customs Supervision And Control" and shall be dealt with according to the procedure governing transshipment of cargo.

Appendix 5

Questionnaire

IMPORTANT:- Please read the following guidelines before filling in the questionnaire.

This questionnaire comprises of five parts. For each question, please select the answer which you consider most suitable. The answers are given in three formats.

1. Rating

You are given a series of question statements. For each one, choose a number among one to five to indicate the degree of importance to you. The meaning of the rating are defined in each question.

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
e.g. Is cash flow important for your operation		x			

(1 = very important 2 = important
 3 = neither important nor unimportant
 4 = not important 5 = can be ignored)

2. Ranking

For each question, a series of answers are given. To each answer, assign a number to indicate its degree of relevance to you. The degree of relevance of the answer is indicated by the numbers in descending order.

e.g. Rank the following factors that affect your firm's sale performance in the order of importance (1 to 4, 1 = most important, 4 = least important)

	<u>2</u>	advertising budget
	<u>3</u>	competitor's advertising budget
	<u>1</u>	market demand
	<u>4</u>	market trend

3. Open-end questions

You are asked to give your opinion or view on a particular subject in the blanks provided after the question. You are free to provide any comments.

Your kind cooperation is appreciated.

PART I Selection

1.1 How many industrial exhibitions have you attended in the People's Republic of China (PRC) in the past two years? _____

1.2 How many exhibitions in 1.1 are organized by the following parties, (for definition see note A)?

Government of PRC (e.g. CCPIT) _____

Government of other countries
(e.g. U.S. Department of Commerce) _____

Private organizations _____

Other (please specify) _____

1.3 From what sources you learn about these exhibitions?
(please tick where appropriate)

a. ☐ Press release or advertisement in
trade journal/newspaper _____

b. ☐ Direct mail or contact by organizer _____

c. ☐ Government or trade association
newsletter _____

d. ☐ Other (please specify) _____

Note A. Organizer is the party responsible for inviting exhibitors, and organizing the exhibition etc.

Sponsor is the PRC industrial ministry or association responsible for coordinating the Chinese endusers/trade officials to attend the exhibition.

1.4 How would you rate the importance of the following aspects of an exhibition in considering whether to join an exhibition which is of interest to you?

- 1 = Very Important, 2 = Important,
 3 = Neither important nor unimportant
 4 = Not Important, 5 = Can be ignored

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
a. <i>Loc</i> Location of Exhibition					
b. <i>Tim</i> Timing of Exhibition					
c. <i>Dem</i> Demand of your product in China					
d. <i>Tar</i> Target visitors					
e. <i>Co</i> Cost					
f. <i>Dur</i> Duration of Exhibition					
g. <i>Org</i> Organizer's reputation or ability					
h. <i>Stat</i> Status of the Chinese sponsor units					
i. <i>Wh</i> Whether technical symposia will be held concurrently					
j. <i>Fac</i> Facilities of exhibition Venue					
k. <i>Wh</i> Whether competitors will join					
l. <i>Cur</i> Current market trend of your product in FRC					

1.5 How would you rank the effectiveness of the following organization in supplying information on the aspects mentioned in Q. 1.4. (1-7, 1 = most effective, 7 = least effective)

- ☐ Organizer
- ☐ Trade association
- ☐ Government Organization (e.g. Embassy in Beijing)
- ☐ Other companies
- ☐ Chinese sponsoring units
- ☐ Chinese Government Organization
- ☐ Your existing contacts in China

1.6 How would you rank the following aspects of information in the order of availability to you during the selection stage (1-6, 1 = easily available, 6 = least available)

- ☐ Details of Exhibition
- ☐ Details of Organizers
- ☐ Details of Chinese Sponsors
- ☐ Details of competitors' participation
- ☐ Details of market demand
- ☐ Details of potential visitors

1.7 For each of the following aspects of information, please rank in the order of importance in your decision whether to join an exhibition. Without such information you will not participate. (1-5, in descending order)

- ☐ Details and performance of organizer
- ☐ Details of Chinese sponsor
- ☐ Details of competitors joining the exhibition
- ☐ Market demand
- ☐ Details of potential visitors

1.8 If you find that two or more similar industrial exhibitions will be held at different cities in PRC in the same year, how would you rank the following factors in the degree of importance in selection amongst the two exhibition (1-7)

- ___ Organizer's ability, and past performance
- ___ Status of the Chinese sponsor
- ___ Product demand in the city and its vicinity area
- ___ Facilities available in that city
- ___ Home Government and trade association's recommendation
- ___ Recommendations from your contacts in China
- ___ Whether you have attended similar exhibition in that city recently.

1.9 What other problems you have encountered in selecting an exhibition to attend?

1.10 Which of the following are your objectives in joining exhibition in PRC? (if you have more than one objectives, please rank the objectives in descending order 1-7, 1 = most important objective, 7 = least important objective)

- ___ develop new sales lead
- ___ maintain distributor and dealer relationship
- ___ introduce new product
- ___ Public relationship programme such as Brand Promotion
- ___ on the spot sale and business negotiation
- ___ don't know
- ___ others (please specify) _____

1.11 Do you prefer to join a specialized or general product exhibition? (please tick one)

☐ Specialized

☐ General variety

2. Preparation Work

2.1 In the preparation of the exhibition, how would you rank the importance of the following factors in attracting visitors in the exhibition and you would put a lot of effort in the preparation work (1-5)?

Hardware Exhibits, such as equipment ☐

Displays (text, diagram, photo) ☐

Pamphlet and Brochure ☐

Booth layout ☐

Papers to be presented in Seminar ☐

2.2 In considering what equipment to bring for demonstration in an exhibition, how would you rank the importance of the following factors in your selection of the exhibit. (1-6)

The machine/equipment may be sold after the exhibition ☐

It is possible to operate the exhibit for demonstration purpose ☐

The cost of exhibiting space and/or shipping/or operation ☐

The market demand for the equipment on display in PRC ☐

The equipment is on the lists of equipment required by Chinese Endusers ☐

The level of technology in the machine/equipment matches with the technology level of China ☐

- 2.3 In selecting internal staff to attend the exhibition, how would you rank the importance of the following factors in your selection of who should go. (1-5)

Knowledge about China's trading practice	___
Knowledge about Chinese culture and mentality in business negotiation	___
Salesmanship	___
Technical knowledge to handle Chinese Engineers	___
Chinese speaking	___
Cost	___

- 2.4 In seeking support or services from the organizer, how would you rank the frequency of having problems arises from the following areas of services. (1-7, 1 = most frequent, 7 = least)

Visa application	___
Freight forwarding	___
Travel and Accommodation Arrangement	___
Booth decoration	___
Secretarial support	___
Legal advise with regard to PRC law	___
Insurance for staff and exhibit	___

- 2.5 In the preparation of display, pamphlets and brochures, how would you rank the following factors according to the degree of difficulties encountered during the preparation work (1-5, 1 = most difficult, 5 = least difficult)

Translation into Chinese	___
Adaptation of the material to the Chinese culture	___
Meeting Government censor on material	___
Cost	___
Determining the quantity of pamphlets and brochure required	___

- 2.6 In the preparation of papers to be presented in saminar, how would you rank the following factors according to the degree of difficulties encountered during the preparation work. (1-4)

Selection of topics to suit theme of show/ Chinese expectation	_____
Selection of an authoritative speaker	_____
Translation of script into Chinese	_____
Preparation of Audio-Visual material in Chinese	_____

- 2.7 Have you any experience of having a trade exhibition call off in the last minutes and do you know the reason?

- 2.8 Have you faced with any other problems in the preparation stage?

- 2.9 In the preparation stage, do you have difficulties in carrying out the following activities?

	<u>Yes</u>	<u>No</u>
Send pamphlets to prospective visitors	_____	_____
Obtain information of competitors' participation	_____	_____
Collect data about prospective visitor's company profile and demand profile	_____	_____
Others (please specify) _____		

3. Execution Stage

3.1 In the exhibition, do you have any difficulty in obtaining the supply of the following items or services in PRC.

(1 = Always available 2 = Available on request
 3 = Available on advance order
 4 = Have difficulty in acquiring
 5 = Not available)

- | | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> |
|---|----------|----------|----------|----------|----------|
| a. Hotel Hotel accommodation | | | | | |
| b. Taxi Taxi transport | | | | | |
| c. Food Food & refreshment | | | | | |
| d. Long Long distance telephone/telex | | | | | |
| e. Audio Audio visual Equipment | | | | | |
| f. Photo Photocopier | | | | | |
| g. Electric Electricity | | | | | |
| h. Water Water | | | | | |
| i. Compressed Compressed air for pneumatic units | | | | | |
| j. Others Others (please specify) | | | | | |

3.2 In the exhibition, do you have any difficulty in employing the following PRC staff through the organizer or by direct recruitment in PRC.

(1 to 5 same as question 3.1)

- | | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> |
|---|----------|----------|----------|----------|----------|
| a. Technical Technical Intrepreter | | | | | |
| b. General General Intrepreter | | | | | |
| c. Secretarial Secretarial Staff | | | | | |
| d. Electrician Electrician | | | | | |
| e. Photographer Photographer | | | | | |
| f. Security Security Guard | | | | | |
| g. Stevedore Stevedore | | | | | |
| h. Other Other (please specify) | | | | | |

3.3 Are you satisfied with the following type of services available in FRC?

(1 = Very Good 2 = Good 3 = Fair 4 = Poor 5 = Very Bad)

1 2 3 4 5

- a. Hotel Services
- b. Transportation
- c. Telecommunication
- d. Sanitary Services
- e. Security
- f. Utilities
- g. Standard of Interpretation
- h. Legal Advices
- i. Skill of Secretarial Staff
- j. Others (please specify)

3.4 In the exhibitions, how often you are faced with the following phenomenon.

(1 = Very Often 2 = Often 3 = Occasional
4 = Seldom 5 = Very Rare)

1 2 3 4 5

3.4.1 General

- a. Too many visitors
- b. Too few visitors
- c. Most of the visitors are not involved in the industry
- d. Most of the visitors are onlookers
- e. Most of the visitors are knowledgeable in the Industry
- f. Most of the visitors are competitors (e.g. manufacturers in FRC)
- g. Visitors are coming from only one geographical area

1 2 3 4 5

- h. PRC buyers, whom you have contacts, cannot attend the show as they are not invited by PRC sponsor
- i. Atmosphere of show is like a carnival
- j. Equipment for exhibition cannot be sold after the show

3.4.2 Contact with visitors

1 2 3 4 5

- a. Visitor's time of stay is short
- b. Visitors are unwilling to disclose their identify such as title and address for business contact
- c. Visitor's question is concerned with the structure of equipment, rather than the performance of the equipment or quality of product produced
- d. Visitors are unwilling to disclose their need and/or existing production problem to enable you to make proposal
- e. Many casual visitors ask for pamphlet
- f. Questions raised by visitors are not relevant to the industry
- g. It is difficult to know if the visitor has authority to make purchasing decision
- h. Visitor is unwilling to disclose details of his unit for further business contact
- i. There are difficulties in communication between the two parties

3.5 How often you have failed to reach an sale agreement in the exhibition for the following reasons:-

(1 - 5, 1 = very often, 5 = very rare)

- | | <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> | <u>5</u> |
|--|----------|----------|----------|----------|----------|
| a. Buyers ask for big price discount | | | | | |
| b. Buyers refuse to pay installation cost | | | | | |
| c. Buyers refuse to pay for maintenance/training fees | | | | | |
| d. Buyers are unable to make decision and has to refer to others for decision | | | | | |
| e. Buyers are unable to complete the required documentation in the period of exhibition | | | | | |
| f. Buyers are unable to obtain the required foreign exchange in the period of exhibition | | | | | |

3.6 In general, for industrial exhibitions in China, what are the approximate figures you would put down for the following items:-

- | | |
|---|---------|
| a. Percentage of industrial personnels amongst all visitors | _____ % |
| b. Percentage of prospective buyers amongst all visitors | _____ % |
| c. Percentage of visitors who asked question or requested demonstration when visiting the booth | _____ % |
| d. Percentage of visitors who left their name and address after visiting the booth | _____ % |
| e. Percentage of visitors who can communicate in English | _____ % |
| f. Percentage of business negotiation conducted amongst visitors who left their name/address | _____ % |
| g. Percentage of successful business negotiation obtained in exhibition | _____ % |
| h. Percentage of PRC buyers who are price conscious | _____ % |

- i. Percentage of PRC buyers who are quality conscious _____ %
- j. Percentage of demonstration equipment sold after the exhibit _____ %
- k. Percentage of on-the-spot negotiation that fail due to lack of time to complete documentation _____ %
- l. Percentage of on-the-spot negotiation that fail due to lack of foreign exchange _____ %

3.7 Do you encountered any problems with the organizers in the exhibition?

3.8 Do you encountered any problems with the PRC Government in the exhibition?

3.9 In the exhibition, had your staff learned about the following aspect? Yes No

- | | | |
|---|-------|-------|
| a. Chinese custom and mentality | _____ | _____ |
| b. Chinese business practices and negotiation skill | _____ | _____ |
| c. Chinese law | _____ | _____ |
| d. Industrial demand in China | _____ | _____ |
| e. Technology level in China | _____ | _____ |
| f. Weak link in PRC industry | _____ | _____ |

3.10 Any other problems have you encountered in the period of the industrial exhibition?

4. Evaluation Stage

4.1 On which criteria would you evaluate if the participation in an exhibition is successful or not? (please tick where appropriate)

	<u>Yes</u>	<u>No</u>
On the spot sale	___	___
Number of sales leads developed	___	___
Total attendance	___	___
Product exposure	___	___
Others (please specify)		

4.2 In the most recent exhibition you participated, for each of the following areas, please rate how successful you have done.

1 = Very Successful 2 = Successful 3 = Good
4 = Fair 5 = Complete failure

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
a. <i>Inc</i> Increasing sales					
b. <i>Pro</i> Promote company/product image					
c. <i>Ma</i> Make known product your offer					
d. <i>eva</i> Evaluate the potential of your product for the China market					
e. <i>me</i> Meeting your potential buyers from all over PRC					

4.3 After the show, do you contact people in PRC who have left their name and address in the exhibition?

___ yes ___ no

(If "yes", continue; If "no", go to 4.5)

4.4 What is the percentage of new business contacts which will developed from these contacts? _____ %

4.5 How often does your expenditure in the exhibition has exceeded the budget?

___ always ___ frequent ___ sometimes
___ seldom ___ never

4.6 What are the reasons of cost overrun, if any?

	<u>Yes</u>	<u>No</u>
Reasons:-		
a. Additional charges by Organizer	___	___
b. Additional charges by PRC Government (e.g. tax)	___	___
c. Additional charges in staff expenditure (e.g. travel)	___	___
d. Additional charges in shipment of hardware	___	___
e. Others (please specify)	___	___

4.7 After joining the exhibition, do you consider participating in exhibition is more effective in developing new sale contact per dollar spent than using other promotional means

	<u>Yes</u>	<u>No</u>
a. Newspaper and magazine	___	___
b. Television media	___	___
c. Direct sales call	___	___
d. Bill board	___	___
e. Direct mailing	___	___

4.8 Of the exhibition you have attended in PRC, please indicate the percentage of shows that you consider participation is worthwhile _____ %

4.9 What are the main area of dissatisfaction you commonly encountered

1 = always 2 = frequent 3 = sometime
4 = seldom 5 = never

1 2 3 4 5

- a. Poor organization of exhibition
- b. Poor quality of visitors
- c. Product demand in PRC is low
- d. Staff not familiar with PRC problem
- e. Governmental influence
- f. Lack of provision of staff in PRC
- g. Lack of facilities in PRC
- h. Other (please specify) _____

4.10 Do you think that improvement of the following area is required urgently?

Yes No

- a. Exhibition facilities _____ _____
- b. Telecommunication _____ _____
- c. Training of Intrepreters _____ _____
- d. Decentralization of buying decision _____ _____
- e. Others (please specify) _____

4.11 For the following statement, please indicate your degree of agreement with each one.

- 1 = strongly agree 2 = agree
3 = neither agree nor disagree
4 = disagree 5 = strongly disagree

1 2 3 4 5

- a. Industrial exhibition is an effective tool of trade promotion in PRC
- b. Industrial exhibition would promote the technology level in PRC
- c. Industrial exhibition can be replaced by other marketing tools
- d. Industrial exhibition is an effective tool of introducing new technology in PRC
- e. Industrial exhibition causes PRC firms to buy things that they may not need or too sophisticated
- f. PRC Government interference in exhibitions is too much

4.12 Do you see any trends that are positive and constructive for holding exhibitions in FRC?

4.13 Do you see any restraining factors that may limit the holding of exhibition in FRC?

4.14 Do you see any trends that are negative and destructive for holding exhibition in FRC?

Part 5 Demographic Profile

5.1 Please indicate your title

5.2 Please indicate the nature of your firm

Manufacturer/Supplier _____ Product _____

Exclusive Agent or _____ Product _____
Distributor

General Trader _____ Product _____

5.3 Please indicate the number of staff engaged in your firm
(not that of your parent company)

5.4 Please list the five major trading countries your firm are
involved in (not that of your parent company)

5.5 What is the sale in PRC as a percentage of the total sale of
your firm in 1983?

_____ %

5.6 How many years have your firm been engaged in selling in PRC
_____ years

5.7 Please indicate the number of exhibition you have attended
in other countries in the past two years.

5.8 In which countries are these exhibitions held?

5.9 In the advertising budget in PRC, please indicate the approximate allocation to the following media.

Exhibition	_____	%
TV	_____	%
Newspaper and Magazine	_____	%
Direct Mailing/Contact	_____	%
Others	_____	%
Don't know	_____	%

5.10 Is your firm dealing with trading in PRC directly or through agent?

Direct _____

Agent _____

Others (please specific) _____

5.11 How many in-house staff are involved in trading in PRC _____

5.12 Have your firm any representation in PRC (please tick)

Resident Representative in China _____

Resident Representative in Hong Kong _____

Agent in Hong Kong _____

Your agent with office in China _____

END

THANK YOU FOR YOUR KIND COOPERATION

Appendix 6

COMPARISON OF THE MEANS OF TWO SAMPLES

Given two independent samples of n_1 and n_2 members with means \bar{x}_1 and \bar{x}_2 respectively, t-distribution may be used to decide whether the means differs significantly or whether the two samples may be regarded as drawn from the same normal population¹

Null hypothesis (H_0): the two samples are from the same normal population.

Degree of freedom (v) = $n_1 + n_2 - 2$

$$\bar{x}_1 - \bar{x}_2$$

$$t\text{-statistic } (tv) = \frac{\left[\frac{n_1 s_1^2 + n_2 s_2^2}{n_1 + n_2 - 2} \times \frac{n_1 + n_2}{n_1 n_2} \right]^{1/2}}$$

Where s_1^2, s_2^2 are the sum of squares of the sample.

$$n_1 s_1^2 = \sum (x_i - \bar{x}_1)^2 \quad n_2 s_2^2 = \sum (x_j - \bar{x}_2)^2$$

1

C.E. Weatherburn "Further Tests of Significance, Small Samples." A First Course in Mathematical Statistics, P.184-208, Cambridge University Press: 1962.

If the value of t obtained from the above equation is significant i.e. greater than the value at a particular level of significance, the null hypothesis is rejected. Otherwise, the hypothesis is accepted.

Value of t , at various levels of significance α

v	<u>$\alpha = 0.10$</u>	<u>$\alpha = 0.05$</u>
24	1.71	2.06
29	1.70	2.04
30	1.70	2.04
35	1.69	2.03

Appendix 7

LIST OF RESPONDENTS

APV (Asia) Ltd.

Airstocks Limited

Bohn + Voss

Battenfeld Extrusionstechnik GmbH

Battenfeld Fischer Blasformtechnik GmbH

Bentley Engineering Group Exports (Asia) Ltd.

Chen Hseng Machinery Co. Ltd.

Cincinnati Milacron

Costruzione Meccaniche Luigi Bandera S.p.A.

DeVlieg Machine Co.

Ericsson

Eurotherm (Far East) Ltd.

Evergrow Resources Co. Ltd.

Gleason Works

Hewlett Packard Asia Ltd.

Jardine Matheson Co., Ltd.

Kodak (Export Sales) Ltd.

Littell Machine Co.

Mannesman Hong Kong

Officine Meccaniche Colombo SpA

Officine Meccaniche Voronesi

Officine Meccaniche Buzzi Renato

Olmas -- Officina Lavorazione Macchine Strutteve

Onflo International Ltd. Hong Kong

Otis Elevator Company (H.K.)

Rockwell - Collin International Inc. Hong Kong

Rose Forgrove

Signode Hong Kong Ltd.

Tetra Pak East Asia Ltd.

Thiokol Carstab Corporation

Valmont

Xerox Hong Kong

Identity unknown (3)

Appendix 8

DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Oversea firms

Italy	5
USA	4
U.K.	2
F. R. Germany	2
Singapore	1

 Total: 14

Hong Kong based firms

 20
 Total: 34

Product sold by respondents

Plastic Machinery	7
Machine + Equipment	5
Machine Tools	3
Packaging Machinery	3
Marine Equipment	1
Graphic Equipment	1
Knitting Machinery	1
Aviation	1
Engineering Product	1
Electronic Equipment	5
Telecommunication	1
Photocopier	1
Irrigation Equipment	1
Unknown	2
Lift	1

 34

Appendix 9

OTHER PROBLEMS ENCOUNTERED IN SELECTING EXHIBITION TO ATTEND

"Timing, crash with other exhibitions or conferences."

"Exhibition budget."

"Market demand."

"Unreasonably high cost."

"Lack of proper facilities."

"Too specific product area or too vast product scope."

"Manpower availability in the company."

"Effectiveness and result after participation."

"Will the right person attend the exhibition and how is the market coverage."

"Internal support and capability."

"Availability of manpower to attend."

"Chinese sponsor's pressure."

"Time too close together."

"Because of existing several specialized exhibitions; we usually do not know their existence. We are therefore unable to make a correct choice of exhibition to attend."

"Demand and area requirements are the most important decisions made ."

"Who else is planning to attend."

"Getting an exhibition which is specialized enough for our purpose."

"If date selected would be in conflict with another important exhibition of our product in other major trading countries."

"Timing with other world exhibitions."

"Too many exhibitions."

"Deciding whether an exhibition is relevant to our product."

"Determining whether we can buy from additional exposure given contacts already established in China."

"Budget and manpower constraint."

"Full list of exhibition not easily available from which we can comfortably select the right exhibition over a year."

"Insufficient prior notices of exhibitions."

"Conflicting interests of sponsoring bodies who can separately administer different groups of customers in the same industry."

"CCPIT acts as buying agents in the exhibition, that at times seen infringing Import Corporation's jurisdiction."

"Selection of organizer is getting important as more exhibitions are held by private firms. These organizers are new to many customers."

Appendix 10

OTHER PROBLEMS FACED IN THE PREPARATION STAGE

"Poor facilities provided by organizer."

"Export licence for exhibit."

"Lack of good communication."

"Too long lead time from forwarding of exhibits to actual exhibition date. Too early decision needed for Visa/Hotel."

"Communication with organizer."

"Will never get any confirmation from the Chinese side, such as whether they have received the equipment etc."

"Changing of exhibition venue and dates."

"For interpretation, we would prefer Italian speaking people."

"Inviting people whom we wish to invite."

"Our machinery weighs in excess of 50 tons, erection was terrible - the set up crew did not listen to us, but "They know better..." they dropped our machine."

"Internal transport and off-loading facilities."

"Selecting equipment that many not be copied after selling in PRC."

"Time is scarce."

"Early submission of physical particular of exhibits."

"Relatively long time for visa application which makes later swap of delegates to be sent attending the exhibition inconvenient."

"Uncertain of the final profile of customers be invited and exhibitors normally not allowed to send direct invitation with admission tickets."

"Select the exhibits and preparing the information bearing in mind of potential trade secret leakage."

Appendix 11

PROBLEMS WITH THE ORGANIZERS AND PRC GOVERNMENT IN THE EXHIBITION

Organizer

"Organizer always fail to invite people or organization we request."

"Facilities not properly installed."

"Support during exhibition when resources run out."

"Cost being unreasonably high."

"Lack of flexibility of sub-contractors to rearrange utilities, booth decoration to suit our need."

"Communication on subjects that have been subcontracted to other vendor/contractor."

"Too busy to help."

"Refuse to issue more entry tickets."

"Total failure to assist when we have even the simplest difficulties."

"Failed to arrange a meeting with CCPIT to clarify why we cannot gather market or business information relevant to our business."

"Availability of time to solve some bottle neck problems occurred during the exhibition."

"Allocation of hotel accommodation and travel arrangement."

"Organizers understandably stretched with multitude of exhibitors' request; hardly give attention to one specific exhibitor."

"Cluster of organizers' representative but without identifiable scopes of responsibilities to entertain exhibitor's requests."

"Availability, if any, of admission tickets is very limited."

PRC Government

"Some very junior officials of CCPIT confiscated our record book of visitors who signed in, with information of address, type and size of factory or capacity."

"Getting equipment from port to exhibition."

"Custom."

"Custom's formalities."

"Custom clearance."

Appendix 12

OTHER PROBLEMS ENCOUNTERED IN THE PERIOD OF THE INDUSTRIAL EXHIBITION

"Inefficient crowd control"

"Inadequate availability for renting of projection equipment (16mm movie, slide, overhead and video)."

"Staffing the exhibition."

"Identifying visitors as potential client/users."

"Visitors show up are not interested in our product."

"The right people to attend right seminar."

"Bring in prospects to look at demonstration equipment from far away provinces."

"Too many attendance not from related field."

"Exhibition in China generally benefit China, not the manufacturer. In theory, this should be equal."

"Instrument down due to transportation and unstable power supply."

"Business negotiation conducted after exhibition, not during."

"Generally, the PRC buyers are only price conscious. Quality is sometimes more important than the price."

"You never know if they are willing to buy or not."

"Usually visitor do not start with 'This is our problem, can you solve it?' but 'What can we do with your machine?'"

"Our booth was almost demolished by crowds waiting literature. We had 5,000 brochures left after the show because it become impossible to pass them out."

"Pilferage."

04
A
"Communication with outside the exhibition ground."

"Admission tickets post-dated/pre-validated for a certain time segment only."

"Repeated visit by interested customers inconveniently arranged."

"Very difficult and cumbersome to leave display materials or parts for selected Chinese parties as a gesture of friendship after exhibition - problem of custom procedure."

"Customs inspection of video tapes for showing in exhibition."

"Movement of exhibition material and audio-visual equipment in and out of exhibition site."

"Quality of visitors in exhibition is poor. Many organizers aims solely at the number of total attendance. The foreign sellers sometimes have difficulties in developing their own marketing objectives."

Appendix 13

"TRENDS THAT ARE POSITIVE AND CONSTRUCTIVE FOR HOLDING EXHIBITION IN PRC?"

"Yes, exhibitions of different product categories are being held. Also regular exhibition of the product category are being held."

"As enduser has more buying power."

"Eagerness of PRC buyers to acquire knowledge about foreign, Hi-tech product and their use."

"Provided PRC open door policy continue."

"Awareness to have to improve quality in order to be able to compete in export markets."

"Positive"

"We think that it is advisable to build a new exhibition centre at Beijing, because the present one is really too small, in consideration of the fact China is fast growing."

"Building some exhibition centres."

"Modernization 5 year plan."

"The only exhibition we attended in PRC was our first contact with this country, and the result was positive."

"Factories are now permitted to sell/buy directly, instead of going through government."

"China's desire to 'catch up' on technology. Perhaps too quickly!"

"Increasing demand for purchase power of imported capital goods."

"Open-door economic policy and industrial modernization."

"Restrictive overseas travels whereby exhibitions provide venues for information on product/technologies available in the market."

"Income for the Chinese can be derived from holding exhibition."

"Increasing trade balance."

"Increasing project level."

"More and more specialized exhibitions are held."

RESTRAINING FACTORS THAT MAY LIMIT THE HOLDING OF
EXHIBITION IN PRC?

"Cost."

"China's ability to buy."

"Rising cost of participating in exhibition."

"As more Chinese experts are allowed to visit overseas factories and exhibitions, those exhibitions in PRC may not be as important as before."

"Yes, participation getting more expensive."

"Cost factor, sometime unreasonably high, charges for auxiliary equipment like conference tables, chair etc."

"Exhibitors regain revenue spent by selling exhibit goods. If goods are not allowed to be sold, then there is problem."

"Sometimes too many exhibitions of similar type at about the same time."

"Cost."

"Red-tape of trade body."

"Only Government intervention."

"Means of transports and exhibition facilities."

"Uncoordinated exhibitions held nation wide."

"Far too many exhibitions and few achieve an authoritative standing and regularity, like Marintec and Interrepcon."

"Increasing cost of participation."

"Invitation to customers entirely left to Chinese sponsor's hand."

"Market information/trade statistics not readily available that hardly facilitate decisions on participation."

"Too many exhibitions flooding the market."

Appendix 15

TREND THAT ARE NEGATIVE AND DESTRUCTIVE FOR HOLDING EXHIBITION IN PRC

"As world economy is on the upsurging, people will be concentrating their efforts in the other areas which are more developed and represent a much larger market than China, business with whom has to be long term and slow."

"If quality of visitors not improved."

"Too many exhibitions of same kind by too many unqualified organizers."

"Too much money, too diverse."

"Must decentralise buying decision."

"Too many exhibitions organised by different bodies during the past years, making us difficult to choose."

"Organizers trying hard to become the representative or agent of exhibitors. Hoping to take a cut in any business that might be possible."

"People need to use more self-control."

"Some organizers may not have the background and experience and it is difficult for a participant to differentiate the good ones from the bad ones."

"Chinese buyers and sponsoring organization tend to expect big discounts for equipment on display."

"Direct personal canvassing/free contacts with customers, which are considered more effective cost wise."

"Individually organized technical seminars for specific market segment rather than a public exhibition."

"Non-free travel even domestically for interested customers."

"Internal fight for share of the cake/revenue of holding exhibitions."

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